PARIS, WEDNESDAY, JUNE 1, 1988

# **U.S. Court Allows Discount Imports**

By Robert C. Siner ional Herald Trib**a**ne WASHINGTON — The U.S. Supreme Court refused Tuesday to would have expanded the availabil-halt unauthorized imports of ity of gray market goods. It invali-

costly imports at steep discounts. By a 9-to-0 vote, the high court apheld Custom Service regulations that permit so-called "gray mar-ket" imports into the United States thout permission from owners of the trademarks of those goods.

The gray market is estimated to range from \$5 billion to \$10 billion a year, and generally involves luxury items ranging from expensive German automobiles to Swiss watches, Japanese cameras and

French wines The market operates when an importer buys an expensive brandname product abroad, ships it to the United States, sells it for at least 20 percent less than the official distributor and can still make a

In a separate ruling the high court voted, 5 to 4, to strike down other parts of the regulation that would have expanded the availabilhand-name foreign goods into the United States, in effect giving approval to a major part of a multi-billion-dollar business that allows U.S. consumers to buy the usually of its trademark abroad by an indevended in the construction of the trademark abroad by an indevended in the construction of the trademark abroad by an indevended in the construction of the trademark abroad by an indevended in the construction of the trademark abroad by an indevended in the construction of the con pendent manufacturer.

> The case turned on the question of whether foreign companies could legally exercise control over the distribution of their products in the United States by incorporating a subsidiary there.

> A Customs Service regulation that foreign companies could not exercise this kind of control was overturned last year by the U.S. District Court of Appeals in Washngton. The appeals court cited the

> Federal Tariff Act of 1930, which prohibits the unauthorized imports of "any merchandise of foreign manufacture if such merchandise" bears "a trademark owned by a citizen of, or by a corporation or

See COURT, Page 2

Some of the buying on Tuesday,

# N.Y. Stock Prices Soar, Pushing Dow Up 74.68

The U.S. central bank often has chosen to alter the key rate on a NEW YORK — Stock prices in New York surged Tuesday, largely Friday, sometimes before a holiday because investors were relieved that the U.S. central bank had not traders said, came from traders who had sold stocks last week in

raised a key interest rate. The Dow Jones industrial average of 30 major stocks leaped 74.68 points to 2,031.12, its sixth-biggest gain on record. The 3.8 percent gain boosted the index above 2,000 for the first time since May 16.

Nearly four stocks advanced for every one that declined, with volme at a heavy 247.61 million thares. The market was closed on Monday for Memorial Day.

Many traders have feared in reent weeks that the Federal Reerve Board would raise interest ates to dampen inflationary presures arising from overly rapid ex-ransion in the economy. Although ie Fed has tightened credit, it has iot raised its discount rate, charged

rom 6 percent. "There were wide expectations Friday that the Federal Reserve would raise its discount rate. The act that they didn't is one reason or the stock rise," said Jack Baker, nead of equity block trading at Shearson Lehman Hutton Inc.

### Kiosk

### Sikh Bombs Kill 26 in India

CHANDIGARH, India (Reuters) — Sikh separatists set off powerful bombs at a Hindu temple in Amritsar and in a crowded market in the north Indian state of Punjab, killing at least 26 persons and injuring nearly 100, the police

said Tuesday.
Police in the Punjab capital
of Chandigarh said a bomb exploded at the temple on Monday night, killing 21 per-sons and injuring 69. In Gur-daspur, near the Pakistani border, a bomb in a crowded market killed five persons and injured 28 on Tuesday, the po-



Americans are to send food to Ethiopia across the Su-Page 6.

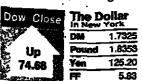
### General News

Attorney General Edwin Messe 3d says that he may resign before the election in Page 5. braci's use of tear has on Pal-caminans is one of the most troubling issues arising from

six months of unrest. Page 2. Business/Finance

Rinkand's biggest commercial bank and a Swedish investment firm announced a partial Page 13. Japan's senior trade official urged the 302 biggest Japanese importers to buy more foreign goods. Page 13.







See MARKET, Page 12 WALK IN RED SQUARE — President Reagan being introduced Tuesday to a young Soviet citizen by Mikhail S. Gorbachev.

# Gorbachev Says 'Fist Banging' May Help Talks

ESTABL

By Philip Taubman New York Times Service

MOSCOW - On the third day of President Ronald Reagan's visit to the Soviet capital, Mikhail S. Gorbachev expressed exasperation Tuesday with the absence of progress in removing obstacles to a treaty reducing strategic nuclear

weapons.

"Maybe now is again a time to bang our lists on the table," he told Mr. Reagan at a morning meeting in his sparsely furnished office in the Council of Ministers Building in the Kremlin, referring to their joint effort at Geneva in 1985 to clear away problems on a mediumrange arms treaty.

But Mr. Reagan and Mr. Gorbachev found common ground on the need for change in the Soviet

Mr. Reagan, turning away from the emphasis on human rights issues that marked his first two days in Moscow, called on the Soviet people to support and extend Mr. Gorbachev's program of economic and social change.

U.S. officials said the limited substantive gains of the fourth meeting between Mr. Reagan and Mr. Gorbachev would be outlined

in a joint statement on Wednesday. They said that the two sides would register gains in the joint statement on how to monitor mobile missiles and on ways to distinguish between air-launched cruise missiles armed with nuclear warheads and those outfitted with conBut there were no reports of ma-jor breakthroughs and little expectation that a treaty reducing strategic weapons could be completed before Mr. Reagan's term ends in

SHED 1887

The day was filled with the striking juxtapositions of an American president traveling across a Soviet landscape: Mr. Reagan standing behind the seal of the presidency and below a white bust of Lenin as he addressed university students, striding past the ancient churches of the Kremlin as dozens of photographers pleaded with him to wave, bantering after dinner at Spaso House, the U.S. ambassadur's residence with Dave Brubeck, the jazz pianist, as Mr. Gor-bachev and members of the Politburo looked on with broad

Mr. Reagan seemed to swing from moments of weariness, when he dozed briefly during a speech by a Russian intellectual, to bursts of energy, when he was engaged in a lively question-and-answer session at Moscow University.

Marlin Fitzwater, his spokes-man, said Mr. Reagan, who is 77, was in good health but had had a difficult night's sleep and added: "We're all a bit tired."

In a series of public appearances, including an unplanned morning stroll in Red Square with Mr. Gorbachey, a luncheon with intellectuals and the afternoon address to students at Moscow University. Mr. Reagan seemed to impress

See SUMMIT, Page 3

# In China, Ideology's Role Disintegrates

a car engine plant in Honan province, the factory's Communist Party secretary canceled the director's

The role and purpose of ideology party credentials "for taking that structure of political ideals implementation of national politicals, and the factory's Communist Party credentials "for taking that structure of political ideals implementation of national politicals, and the factory's Communist Party credentials "for taking that structure of political ideals implementation of national politicals, and the factory's Communist Party credentials "for taking that structure of political ideals implementation of national politicals, and the factory's Communist Party credentials "for taking that structure of political ideals implementation of national politicals, and the factory's Communist Party credentials "for taking the factory's Communist Party credentials" in the factory's Communist Party credentials "for taking the factory's Communist Party credentials" in the factory's Communist Party credentials "for taking the factory's Communist Party credentials" in the factory's Communist Party credentials "for taking the factory's Communist Party credentials" in the factory's Communist Party credentials the factory's Communist Party cred party secretary from the factory

the Chinese Academy of Social Science, "The king ordered the people

bribes, arrogance and not acting and injunctions that dictate behavises and rekindling past political according to principle." Enraged, for — has come under increasing passions.

The demise of ideology, of the Mao was born and one of the provpayroll "for resisting reforms." consuming role of political dogma inces that has most stubbornly re-The spat, inst one example of in directing decision-making, has growing tensions between China's rapidly become an accepted feature the ideologically charged politics of

growing tensions between China's rapidly become an accepted feature technocratic managers and ideologically committed party secretaries, reminds Yan Jiaqi of the theological disputes that raged long ago in the West.

At Beijing University, the countage month in the Hunan town of Inzhou, a party secretary ordered higher education, a towering statue of Mao was hauled down in the missed after workers criticized his middle of the night. Many in the management style in wall posters, a faculty saw the removal as a real form of attack often used during and a symbolic sesture of both frepopes," said Mr. Yan, director of and a symbolic gesture of both fre-the Institute of Political Science at er intellectual expression and the al Revolution.

waning of political compulsion. The removal of Mao's statue has discredited political activity, the not to follow the pope and the pope been followed by an extensive criti- provincial authorities denounced excommunicated the king." cism of his rule, with the party's the wall posters and the party sec-Clashes like this, Mr. Yan and Central Committee declaring that retary in a province radio commenother political thinkers say, hint at the policies he pursued during the tary. the breakdown of ideology as a last 20 years of his life were a cacentral component in Chinese life lamity for the country.

By Edward A. Gargan

as China moves with greater speed

Not every segment of Chinese away from any conventional or his
toxical model of socialism and declining role and prestige of ideal
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toxical model of socialism and declining role and prestige of ideal
toxical model of socialism and declining role and prestige of ideal
toxical model of socialism and declining role and prestige of ideal
toxical model of socialism and declining role and prestige of idealmany party members as evidence of encroaching capitalism. Socialism, or what many party members thought socialism was, appears to be disintegrating.

> series of high-level conferences on theory are to be held next fall to defend the ideological basis of party and government policy. It is possible to journey through much of China and talk to a wide range of people, from officials to average citizens, and never hear the words "Marxism" or "socialism."

Signs on factory walls that once were emblazoned with the wisdom of Mao, now declare bluntly, Time is money. Alarmed at this resurgence of This is disturbing to many party leaders and theoreticians, who feel that without ideological guideposts the Communist Party ceases to have any real function and China itself will ultimately drift into what

The spread of free markets, disthey see as the abyss of chaos and cussions of stock and bond mar-"Socialist countries pay atten-tion to ideology," Zhou Chengen, a senior researcher at the Party His-See CHINA, Page 2

So troubling is this apparent cri-

George Shultz signing an agreement on missile tests.

On Page 3

Ronald Reagan told Soviet students that some American Indians make fortunes in oil.

Nancy Reagan, after Leningrad, relaxed a little with reporters.

The U.S. warned Moscow it would continue to aid Afghan resistance forces.

# Reagan's Guest Called A Nazi Collaborator By David Remnick

on Post Service

MOSCOW - The official Soviet press and Soviet officials tried Tuesday to discredit President sidents on Monday, asserting that a former Nazi collaborator and war Union in the 1930s. criminal was among the guests.

An article in the official government newspaper Izvestia said that Nikolai Roshko, one of about 100 guests at the U.S. ambassador's residence, worked as an agent for the Germans in World War II and was imprisoned in the Soviet Union for alleged war crimes.

A Soviet writer and commentator, Genrikh Borovik, made the accusation on the evening news Monday and the Foreign Ministry spokesman, Gennadi I. Gerasimov, said in a briefing that Mr. Roshko had been sentenced to 25 years in prison "for torturing and murder-ing Soviet citizens."

A U.S. official said that the denunciations of Mr. Roshko and several other guests at the reception were "an obvious attempt to cast a shadow over an event that had a lot of appeal in this country."

Mr. Roshko is not well known to the dissident community in Moscow because he lives in the city of Grodno, in Byelorussia.

The American official said that Mr. Roshko was born in the United States in 1925 to a family commit-Ronald Reagan's meeting with dis- ted to the Bolshevik Revolution. The family moved to the Soviet

> sy has known about Mr. Roshko since 1946. Mr. Roshko, the official said, has a brother, John, living in El Cajon, California, and he has been asking to return to the United States for 20 years.

The U.S. official did not categorically deny the Soviet allegations against Mr. Roshko, but said that the United States and the Soviet Union have actively traded information about Nazi war criminals and had never before mentioned Mr. Roshko, even though the United States had brought his case to Soviet officials for an exit visa.

During the question period fol-lowing his speech Tuesday at Mos-cow State University, Mr. Reagan was asked why he had met with a "fascist." The president said he knew nothing about the case.

The White House spokesman Marlin Fitzwater, also said he did

See NAZL Page 3

# Strike Shuts Down Soviet City in Ethnic Dispute

panakert, which has been at the for organizational and political center of a territorial and ethnic mistakes that led to violence bedispute between Armenians and tween Armenians and Azerbai-Azerbaijanis in the southern Soviet janis. Union, sources said.

Grigoryants, said the strike has thon was held Monday in Yerevan, been under way for a week in Stethe capital of Armenia, said Mr. panakert, in the disputed Nagomo-Karabakh Autonomous Region. Grigoryants, editor of the unautho-rized journal Glasnost.

declined to give his name. nian
On Tuesday, Tass, the official said.

The Associated Press

Soviet press agency, said that two MOSCOW — A general strike officials in the region had been districted by the later of Stement and the Communist Party of Stement and the Communist Party of Conformation and Conformation and

Word of the strike in Stepana-A Moscow dissident, Sergei L kert came after a new demonstra-

The strike closed factories and In the Yerevan protest, 300,000 mass transit in the city, and thouArmenians took to the streets to
bajjanis and 26 Armenians — were sands of Armenians stayed away demand that Nagorno-Karabakh, from work, a resident said in a in the neighboring republic of telephone interview. The resident Azerbaijan, be put under Arme-

Mr. Grigoryants, a half-Russian, half-Armenian journalist, said the protest in Yerevan occurred out-

where huge demonstrations took place earlier this year. Armenians began agitating in February for the right to annex Nagomo-Karabakh. At the end of that month, ethnic rioting broke out in the Azerbaijani city of Sum-

nian jurisdiction, Mr. Grigoryants the demand to change jurisdiction over Nagorno-Karabakh. Instead,

Communist authorities rejected

leaders in both republics this

New party shake-ups were an-nounced. Tass said the former first side the Opera Theater on a square secretary of the Nagorno-Karabakh regional party committee, Boris Kevorkov, was dismissed from the party because of his "serious political mistakes."

Tass said the plenum also dismissed from the party D.M. Muslim-Zade, the former first secretary of the Sumgait city committee, for "serious shortcomings in organiza-tional and political work that

See ARMENIA, Page 3

# Reagan Tries New Role: The Intellectual

Reagan, who ordinarily is not league.

known as a man of letters, fiddled "In looking back, I believe that

Between lunch and dinner, Mr. Moscow. and the Sundance Kid.

on the evening news, Mr. Solzheni and I respect him for that." teresting was the way Mr. Reagan's sees the presidency — as a vision, speech was directed at Mikhail S. the sort that both actors and politicians hold. ency, the intellectuals. Mr. Reagan, Mr. Reagan also made his hu-

MOSCOW - President Ronald artists personally, as a kind of col-

with the role of intellectual on acting did help prepare me for the Tuesday in his meetings with poets, work I do now," Mr. Reagan said Without pressi filmmakers, novelists and students, in a speech at the writers' club in

stoy, an Uzbeki poet named many dealings with him since he Alisher Novoi, and Butch Cassidy became general secretary, I've found that Mr. Gorbachev has the When the meetings were shown ability to grasp and hold a vision,

tsyn's name was not mentioned. At times, the speech was one of But that is still the norm in the the clearer expressions Mr. Reagan Soviet Union. What was more in-

the former actor, appealed to the man rights agenda a part of his part, the writer said, the discourses artists personally, as a kind of col-appearance, calling for some by the Soviet speakers were "a changes that some of the more con-servative cultural officials present A le

> doms in the Soviet Union would soon mean permission for exiled artists such as the ballet dancer Mikhail Baryshnikov and the cellist Mstislav Rostropovich to perform tsyn's work to be published in the

Soviet Union. "We hope to see a permanent and to restrictions on the creativity of all artists and writers," the presi-

dent said. Mr. Reagan nodded off briefly during one of the speeches at the writers' club. But, according to a novelist who was present, Mr. Reagan's seconds-long snooze could be "easily excused." For the most

A leavening moment came when Elem Klimov, head of the filmmak-Without pressing the point er's union and one of the most harshly, Mr. Reagan said he hoped visible pro-reform artists in the that the expanded cultural free-country, joked about astrology, a country, joked about astrology, a theme that has surfaced almost as many times in Moscow as it did in

Washington recently. "Maybe we could unite American and Soviet astrologists and see in Moscow, and for Mr. Solzheni- if the next century will be good for

us," Mr. Khinov said. With the exception of writers such as Andrei Bitov and Daniel Granin, many in the crowd tended toward the crusty, the official, the semi-talented.

Among the guests were Yuri Bondarev, a novelist and conservative force in the writers' union, and Genrikh Borovik, a journalist who

See REAGAN, Page 3



McEnroe-Lendl: Suspended After 2 Sets

John McEnroe banging a return at top-seeded Ivan Lendl of Czechoslovakia during their rain-interrupted quarterfinal match Tuesday in the French Open at Roland Garros Stadium in Paris. The score stood at a set apiece, with Lendl leading, 4-2, in the third set, when play finally was suspended as light faded in the evening. Both the first set, which was won by McEnroe, and the second, taken by Lendl, were decided by tiebreakers.

# Use of Tear Gas on Palestinians Raises Troubling Questions Near East, which operates the refusee camps, contend that Invalidation Near East, which operates the refugee camps, contend that there have been more than 1,200 injuries, dozens of miscarriages and at least 11 deaths from tear gas since the uprising began in early December. The Arab Anti-Discrimination Committee in Washington has put deaths at 41 and used that four early say the issue in a more withing the say the issue in a more withers have been more withing the say the issue in a more withing the say the say the issue in a more withing the say the say the issue in a more withing the say that is say the say the issue in a more withing the say the say

Gaza Strip — It was a populated refugee camp.

1 Palestinian stone-throwers s through the winding gar-are were rubber bullets and ae side and slingshots, bottles the other. And, as always, there

ar gas

For two days, Ikkram Said, a 27-year-old woman who was four months pregnant, said she could smell furnes wafting into her courtyard from outside. Even with the windows closed, she said, her eyes stung, she coughed constantly and had trouble breathing. Then, on Sunday, she noticed blood when she went to the toilet and became

She had a friend drive her to the camp's United Nations health clinic and was advised to go to Shifa Hospital in nearby Gaza City. By the time she got there she had stomach cramps and uterine contractions. Soon after, she

one of the most troubling, clusive and emotive issues to designed to fuel a propaganda crusade that portrays Israel arise during the 24-week Arab uprising — the effects on the Palestinian population of the Israeli Army's frequent population. use of tear gas as a nonlethal riot-control weapon.

uprising began in early December. The Arab Anti-Discrimination Committee in Washington has put deaths at 41 and used that figure in a successful lobbying campaign that last month led the U.S. manufacturer of the gas to suspend sales to Israel.

While they acknowledge that they lack hard data and autopsy results to verify many of their claims, these sources contend that the weight of circumstantial evidence clearly indicates that tear gas is at least a significant accounts during recent months all indicate that, within the contributing factor in deaths and miscarriages among a cross fire of charges and countercharges, there are some refugee camp population that even in the best of times is in

"There is until now no solid scientific proof, but certainly the accumulated evidence is strongly incriminating," said Dr. Samir Badri, the chief health officer for the UN relief agency in the Gaza Strip. "When you see a woman with no previous history of miscarriages or bleeding and after exposure to tear gas she bleeds and aborts, you can say safely it is the gas.

Israeli officials contend that the Palestinian claims are Ms. Said's story represents another question mark in based on false or unsubstantiated information and are

"We have not seen any cases where it could be proven. Palestinian doctors and officials working for the UN by a coroner that anybody has been killed due to exposure Relief and Works Agency for Palestine Refugees in the to tear gas," said Brigadier General Yehuda Danon, the

military crackdown.

Nonetheless, interviews with Palestinian, Israeli and American doctors who have first-hand experience with tear gas, a reexamination of several cases and winesses' provable facts about tear-gas use during the uprising.

There is no credible evidence to support Palestinian claims that the Israelis are using any gas or toxic chemicals other than the standard chlorobenzylidene malonomitrile, known as "CS," which is manufactured by Federal Laboratories Inc. of Saltzburg, Pennsylvania.

When properly used outdoors, the gas has limited medical effects, which generally wear off in 15 to 30 minutes. There is, however, much evidence indicating that on numerous occasions soldiers and police have violated manufacturer's printed warnings by firing the gas into enclosed areas such as rooms or small courtyards.

Most experts agree that such misuse can be harmful, especially to small children, pregnant women, the elderly and people suffering from heart or lung problems.

Health conditions in the squalid, overcrowded refugee beaten before being shot. The question of whether Mr. keeping patients away from clinics and hospitals and camps of Gaza have deteriorated dramatically in recent Yazuri's death was justifiable homicide remains open. But rendering any potential statistical study meaningless.

Upon close examination, some of the UN and Palestinian resistance. Children turn the spent metal of isters into toys or wear them proudly as neckings. Does it is to gaze in April, John Hiddlestone, the health director for the UN relief agency, recounted an incident in which two young Palestinians were beaten by soldiers and confined in a room where a reddish aerosol spray was applied.

Palestinian resistance. Children turn the mythological isters into toys or wear them proudly as neckings. Does of canisters are hung defiantly from utility lines through the camp. Almost every house, it seems, board collection of one or more of the thin tin projectiles is not one or more of the unit in projectiles is not one.

"The room was then shut and after an hour or so two dead bodies were removed," said Mr. Hiddlestone, adding that "very toxic nerve gas" apparently was used.

Mr. Hiddlestone was talking about the death of Basel Yazuri, 18, who was killed Jan. 8 in the Rafah refugee camp, according to UN officials. But a Jerusalem Post reporter, Bradley Burston, who visited Mr. Yazuri's house shortly after the incident, said that in addition to the red powder on the walls and furniture of the room, which apparently came from an army smoke grenade, there also were multiple bullet holes, indicating that the room had been sprayed with an automatic rifle.

According to the UN relief agency's report on the similar comparison at the Rafah refuge incident, Mr. Yazuri died from bullet wounds. The army numbers showed no significant increase. contends that Mr. Yazuri was shot to death while attacking a soldier with a knife. Arab witnesses say he was badly

He blamed military curiews, which confined hundred of thousands of people to their homes for weeks, to

estrictions both are responsible for the disruptions. As a esult, the population is more vulnerable to many kinds of ealth hazards, of which exposure to tear gas is one.

Upon close examination, some of the UN and Palestinan claims appear groundless. At a press conference in of canisters are hung deficient and the mythological production of canisters are hung deficient and the mythological production.

the UN relief agency's information officer in Geza se she gets daily reports of injuries, including those attribited to tear gas, from Jabahya and other camps. On May a for example, the agency's Jabahya clinic reported treats 11 persons for gas, including Ms. Said. The next day is report listed six tear-gas victims, two of whom miscarried.

Altogether, doctors at Shifa Hospital, which serves min of the northern half of the Gaza Strip, say that they treate 378 miscarriage cases from December 1987 to Februar 1988, the first three months of the uprising compared 335 during the same period a year earlier. Mr. Badri, the UN health director, says he tried to compile statistics for similar comparison at the Rafah refugee camp, but

# Retired Israeli Officers **Press for Compromise And End to Occupation**

By Joel Brinkley

several dozen retired senior Israeli military officers are advocating an West Bank and the Gaza Strip. The distinguished group of former mili-occupation is being enforced by the tary officers would come to such a

The officers, who have formed ensus on the occupation ques-

The development comes as a new leaflet put out by the underground leadership of the Palestinian uprising listed a series of demands that, if fulfilled, could bring the uprising which began in December, to an end. The leaflet marked the first such offer by the leadership.

The council of officers is trying to press the notion that Israelis "have to compromise for real secutil his retirement.

"We don't all agree on the solution," General Orr said on Monday. "But I think we all agree that the occupation should end because maintaining it does more damage to our security than ending it."

The council has met several times since late March, when it was formed. At a closed meeting on Sunday, however, the generals and others staked out their position on the occupation, General Orr and other participants said.

A senior military officer on active duty said the council was "just

"What they're saying is the Labor Party position," the officer

most of the participants who have New York Times Service spoken publicly since the meeting on Sunday were "from the center or

from the left." Still, several officers on active end to Israel's occupation of the duty said it was notable that such a

"If we say we should comproan organization called the Council mise for security," General Orr for Peace and Security, reached a said, "it sounds different than if

> ■ Israeli Soldier Convicted A military court has convicted an Israeli soldier of killing a Pales-

Tuesday as reported by United

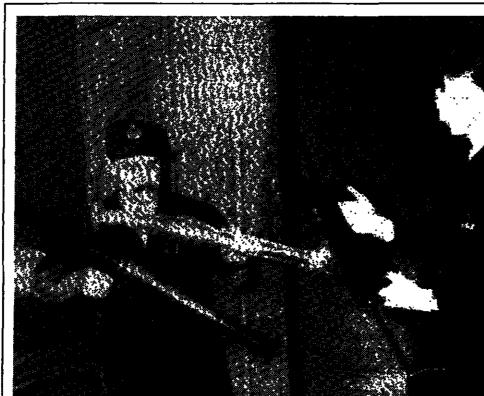
Press International in Jerusalem. Private Yaakov Tamir, an Ethiopian immigrant, was convicted Monday in the military's southern district court for the Jan. 10 slaying rity," said Major General Ori Orr, of Tougan Misbeh, 35, in the Shawho was a senior army general un- jaiya neighborhood of Gaza, an army spokesman said.

Private Tamir is the first Israeli soldier to be convicted of slaying a Palestinian during the uprising in the occupied territories.

Palestinian Children Shot Israeli troops shot and wounded two Palestinian children in a West Bank refugee camp Tuesday amid protests against Israeli rule in the territory, according to Palestinian sources, Agence France-Presse re-

An 11-year-old Palestinian was wounded with a live round and a 12-year-old was hit by a rubber bullet as Israeli troops opened fire to put down a demo said. General Orr, a member of the Al-Amari refugee camp, the Labor Party, acknowledged that sources said.

ported from Jerusalem.



Australian customs officers displaying a grenade launcher and an assault rifle on Tuesday.

# Fiji-Bound Arms Seized in Sydney

SYDNEY - Australian customs officers said Tuesday that they had seized a huge cache of weapons bound for Fiji that could have started a small war in the South Pacific nation, which was shaken by two coups last year.

The cache, including submachine guns, automatic rifles, hand grenades, mortars and anti-tank mines, arrived on a ship from North Yemen via Sri Lanka and Singapore, said a customs spokesman,

He said the shipment, discovered Monday, was bound for Lautoka, in eastern Fiji, a stronghold of the deposed prime minister, Timoci Bavadra. He was not available for comment.

the weapons were Soviet-made.

News reports said it was the biggest illegal hand of military equipment in Australian history. Mr. Wilson said consignment papers listed the contents of the container as used machinery.

Mr. Wilson said that an army demolition squad was brought in to remove the weapons and that

officials were doing an inventory.

The Foreign Ministry official said the authorities in Fiji had been informed of the seizure. Australian officials said they did not know whom the weapons were meant for. In Suva, the Fijian capital, the authorities ex-

essed surprise at the seizure. There has been no armed resistance by the majority Indian community to the coups, which Colonel Sitiveni Rabuka said he staged to protect An Australian Foreign Ministry official said all the rights of ethnic Fijians, who make up 43 percent of the islands' population of 715,000.

# Malaysia Suspends **High Judge**

By Michael Richardson

International Herald Tribune
SINGAPORE — The most senior judge in Malaysia was formally suspended from duty Tuesday after writing a letter to Malaysia's king complaining of attacks on the judiciary by the prime minister.

Lawyers and opposition politicians said the government was undermining the judiciary's indepen-

A statement from the prime minister's department in Kuala Lumpur said that Mohamad Salleh bin Abas, lord president of the Supreme Court, would have to appear before a special tribunal for issuing a public statement that the government said contained "political in-

In public statements in the past few days, Judge Salleh said he had been told by the prime minister, Mahathir bin Mohamad, that he sia, and the sultans who rule the country's states expressing concern over attacks on the judiciary by the prime minister.

The prime minister's department said Tuesday that because of the letter, King Ískandar had requested the judge's replacement as head of the Supreme Court.

The case has heightened concern in legal circles that Mr. Mahathir's government is determined to re-

been "publicly attacking the judiciary for quite some time and eroding public confidence in it."

In a statement, the council said that suspension of Judge Salleh would further affect public confidence in the administration of jus-tice and the independence of the

judiciary. Lee Lam Thye, the acting oppo-sition leader in Parliament, said the action against the judge was "a deliberate, calculated and orchestrated move by the prime minister

to intimidate the judiciary." Some Malaysian lawyers, who asked not to be identified, said the covernment and the United Malays National Organization, the dominant party in the governing coali-tion, had been embarrassed and angered on several occasions in the past year by adverse court rulings on politically sensitive cases. Mr. Mahathir leads the United Malays

National Organization. Appeals of High Court judgnts in two of these cases affecting the party are pending before the

Supreme Court, the lawyers said. In one case, a previous version of Mr. Mahathir's party was declared illegal because of malpractices in party sections, forcing him to form a new party. The other case has blocked transfer of assets, totaling tens of millions of dollars, from the old to the new party.

In March, the government used its more than two-thirds majority in Parliament to amend sections of the constitution that gave powers to the judiciary separate from those of the executive and legislative

When the bill is signed into law by the king, the powers and juristion of the courts will be conferred by or under federal law. Mr. Mahathir said the intention was not to usurp the powers of the judiciary, but to ensure that the courts made judgments in accordance with laws passed by Parliament.

# **ETA Founder Arrested**

BAYONNE, France — Police said here Tuesday that they had arrested a founder member of arrested a founder member of ETA, the Spanish Basque separat-ist movement, in nearby Biarritz. He is Julen Madariaga y Aguirre. 56, a French citizen.

An examining magistrate, Michel Legrand, who specializes in terrorist investigations, had issued a summoos for Mr. Madariaga following the uncovering of an arms and document cache in Hendaye, on the frontier with Spain, in November 1986. ETA is an acronym for Basque Homeland and Liberty. until Wednesday.

# WORLD BRIEFS

### Renegade Flight to Russia Reported

OSLO (Reuters) — A pilot flew a light aircraft into Soviet airspace from Norway last weekend to mark the first anniversary of Mathie Rust's sensational flight to the Kremlin in a small plane, Norwegian and Finnish officials said Tuesday.

The man, Andreas Sommer, 48, is believed to be an Austrian citizen. Finnish spokesman said. He landed his Cessna in northern Finland after his flight and was allowed to leave the country after being questioned the

The pilot had crossed into the Soviet Union on Saturday and Souths the second time for up to half an hour, the Norwegian Foreign Ministr spokesman, Lasse Seim, said. He said Mr. Sommer had been flying between Norway and Finland high in the Arctic Circle. "When we found out, we told the Soviets," he said. "But they knew already and lodged.

### Italian Toxic Cargo Is Home at Last

GENOA (Reuters) - More than 2,000 tons of Italian tonic chemical waste that has circled the globe for 15 months aboard various ships will be destroyed in Italy within two months, a senior Italian official mid

Tuesday.

Admiral Giuseppe Francese said the foul-smelling waste, currently aboard the Syrian-registered Zanoobia in the port of Genoa, would be destroyed by specialists to be selected by the Civil Protection Ministry. The ministry put the admiral in charge of the operation last week and set aside 4 billion lire (\$2.8 million) to destroy the cargo of 10,800 drams of

Its journey on a variety of ships took in Djibouti, Venezuela, Sardini Syria and Greece. Rejected wherever it went, it finally returned to halv. where the Zanoobia spent more than a month anchored off the coast was being suspended for writing to before being allowed to dock in Genoa on Sunday.

# Sultan Mahmood Iskandar, the constitutional monarch of Malay Dutch Police Recover Masterpieces

AMSTERDAM (AP) — The Dutch police used an undercover agent posing as a prospective buyer to recover three artworks on Tuesday, including works by Van Gogh and Cézanne, that were stolen in the Netherlands' biggest art theft.

All the paintings stolen May 20 from Amsterdam's Municipal Museum were recovered undamaged, according to a police spokesman, Klass Wilting. The paintings are Van Gogh's 1888 "Camations," the 1894 of life, "Bottle With Apples," by Cezanne, and a work by the Dutch paister-Johan Jongkind, "The House of Maître Billaud in Nevers," done in 1874. The three works, valued at up to 100 million guilders (\$52 million)

were seized when the police raided an Amsterdam hotel and arrested a 36 duce the authority of the courts to year-old man who was selling them for 1.5 million Deutsche marks (\$1.16 review and veto actions of the government and the ruling coalition of million). Mr. Wilting said. Two other people, thought to be genuing prospective buyers, also were arrested. None of the suspects was identification.

# The Bar Council, a body representing practicing lawyers in Malaysia, said that Mr. Mahathir had Solidarity Urges Boycott of Elections WARSAW (UPI)—The ruling council of Solidarity on Tuesday urge

WARSAW (UPI) - The ruling council of Solidarity on Tuesday urger Poles to boycott elections next month for various governing councils calling them merely a show "that consists of deciding for the citizens, no

W.M.

3.7.52

We shall not participate in the elections," the National Executive Committee of the banned trade union said. "The boycott will be an expression of our protest against depriving us of our elementary rights."

Elections are scheduled June 19 for local, area and regional councils: which handle many government administrative functions below the national level. The candidates were chosen by electoral colleges consisting of representatives of the Communist Party and other parties and, nizations in alliance with the Communists.

### Hyundai Asks Police Aid in Dispute:

SEOUL (UPI) — Management of a Hyundai Group subsidiary sought police intervention Tuesday to get the release of 11 executives held hostage for five days by workers demanding a wage increase.

A spokesman for the Hyundai Business Group said letters were sent to authorities asking for intervention by police to put an end to a standoff at Hyundai Precision Industry Co. in Changwon, 195 miles (310 kilometers) southeast of Seoul. The spokesman said, "We have not yet received a

reply and do not know when police will move in."

Nearly 2,000 workers of Hyundai Precision, which produces rolling stock and containers, have held the board chairman, Chung Mong Gu, 51, and 10 other executives of the company hostage since Friday, demanding a pay raise.

### Zia Plans Probe of Politicians' Assets ISLAMABAD, Pakistan (WP) - President Mohammad Zia al-Huq

ordered an investigation of politicians' assets on Tuesday and won the

allegiance of a prominent member of the Pakistan Muslim League led by former Prime Minister Mohammad Khan Junejo.

Mr. Zia said all the assets of members of the National Assembly, which he ordered dissolved Sunday, would be probed, along with assets of their family members. Corruption was one of the reasons Mr. Zia cited for Mr. Junejo's dismissal and for dissolving the National Assembly.

Meanwhile, it was announced Tuesday that the Punjab chief minister, Nawaz Sharif, had been named interim leader of Pakistan's largest province under Mr. Zia's new governmental setup. Mr. Sharif's coopera-

province under Mr. Zia's new governmental setup. Mr. Sharif's coope tion with Mr. Zia was viewed as a significant blow to the Muslim League's chances of challenging the president's actions.

# TRAVEL UPDATE

### Alitalia and United Set Partnership ROME (Reuters) - Alitalia, the Italian national airline, and United

RUME (Reuters) — Alitalia, the Italian national airline, and United Airlines, a U.S. carrier based in Chicago, entered a partnership Tuesday to give United's passengers more access to Europe and make Alitalia a leading competitor in a deregulated world aviation market.

Their agreement, similar to one reached in December by United and British Airways, will make North America more accessible to Italians, while giving United, which does not fly to Europe, access to the southern part of the continent via Alitalia flights.

Measures to be introduced on a sternbuster basis include through

Measures to be introduced on a step-by-step basis include through check-in facilities from Italy to any of United's 50 U.S. destinations and check-in facilities from fight to any of United \$ 00 U.S. destinations vice versa, special fares for passengers and shippers using the two carriers and joint marketing campaigns. Alitalia will use United's new terminal at O'Hare Airport in Chicago beginning in March 1989. Alitalia also said it had acquired a 5.9-percent stake in a United partnership that owns a computerized airlines information and reservation system.

More than 1 200 I reference greater and partnership that the legions 25

More than 1,800 Lufthansa ground workers held walfouts lasting as long as three hours on Toesday at major West German airports to press contract demands, causing flight cancellations and long delays, officials (Reners)

The overseas operations of Nigeria Airways appeared near collapse. Tuesday with the grounding of the airline's last operational Airbus jet, The planes have been grounded by operational or financial problems. The airline was left with a single DC-10 to operate its four weekly flights to London and two flights to New York, an official said in Lagos. (AP) USAir said in Washington on Tuesday that it has been forced to cancel more than 150 flights since Sunday because many flight attends to refused to work overtime. The carrier said the consellations will continue refused to work overtime. The carrier said the cancellations will continue

# CHINA: Ideology's Role, as a Central Component of Life, Disintegrates Delegates

interview. "Our goal is to build a writers were reduced to explaining just society with no exploitation, the errors of Marx's vision. "It was Our orientation is toward openness dict that capitalism was declining and reform, but our goal is not total and socialism was arriving, because Westernization. We just want to this did not conform to the facts,"

This effort to adhere to Marxism has, however, been sharply eroded flict between workers and capitalby the momentum of economic ists, which Marx maintained would guiding policy, as ideology did largely dissipated in capitalist through the first three decades of countries where workers "only ideology that is trying to catch up, four to six weeks of paid annual and belatedly explain, the emer-leave." In China, workers generally gence of economic and social forces get no vacations and work six days that are reshaping the face of Chi- a week.

(Continued from Page 1)

This year, on the 140th annivertory Research Center of the Central Committee, said in a recent
This year, on the 140th anniverory Research Center of the Censary of the publication of Marx's
ory three decades as China's
of competition is the marketplace,
of compet and this is the goal of communism. wrong for Marx and Engels to predevelop along lines described by said an article in Guangming Dai-Marx and Lenin. That is why we should adhere to Marxism." ly, a paper intended for China's intellectuals.

In fact, the author said, the conchanges themselves. Rather than lead to socialist revolution, has numist rule, increasingly it is work about 31 hours a week, with

Besides Marx, the party, in a

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With capitalism all but legiti-mized, Marx in retreat and Mao banished China's Communist Par- ers mete out the final judgment. ty has floundered in its search for a credible and persuasive justification of its policies. Social theorists way out is to face up to the reality be overhauled, and they urged the have gone out of their way to ex- and let competition work." plain why apparently capitalist practices are acceptable.

tween the success and failure of the Since a socialist society cannot national Communist Party meeting eliminate competition, the only demanded Tuesday that the party

competitive economy, some people postwar economic and social crisis. will get rich first. "But it also stimu-

# COURT: Gray Market Held Legal

(Continued from Page 1) association created or organized The ruling is expected to have who have led us into this crisis will

within, the United States. The Supreme Court reinstated lations by striking down the ap-peals court ruling that the law does not protect American subsidiaries, affiliates or parent companies of foreign manufacturers. The high court held that only American companies that buy trademarks

The suit against the Customs from independent foreign manu
Service regulations was brought by

Justice Anthony M. Kennedy, sociation's members claimed that writing for the high court, held that they were being severely hurt by the federal law "is sufficiently ambiguous" to allow the Customs Seradvantage of advertising and other

most exclusively around" that aspect of Customs Service rules.

little effect on gray market sales be able to bring us out of it," said since it makes little change in the Rade Milicevic, another Serbian most of the Customs Service regugray market is affected mainly by Yugoslavia has been wrestling exchange rates, though there has with worker murest, a \$21 billion been little sign that the steep de- foreign debt and unsuccessful atcline of the dollar has affected it so tempts to lower an inflation rate of far.

tempts to lower an inflation rate of 152 percent and a 15-percent unemployment rate.

facturers are protected by the 1930 an association of 60 major companies that own trademarks. The asbiguous" to allow the Customs Service regulations to remain in place.

Justice William J. Brennan Jr., in a separate opinion, said that "the product for steeply discounted disoute in this litigation centers alphabetes."

Zagreb, said the Yugoslav people "increasingly insist" that the entire Communist leadership be replaced for failing to implement the necessity of the Product of

dispute in this litigation centers al- prices.

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# leader was the font of ideological where the price and quality of where the price and quality of goods make all the difference be-

BELGRADE -- Delegates at a

replacement of the leaders who Naturally, Mr. Li explained, in a have led the country into its worst The party needs a general over-In a recent article in People's lates the people trailing behind to lates the people trailing behind to catch up and narrow the gap," he catch up and narrow the gap," he with the presidium of the Central Committee," said Boro Avramovic, a delegate from the Republic of

Serbia, during the last day of the three-day crisis conference. Other delegates blamed their leaders for failing to implement changes to ease the crisis. "It is unlikely that those people

announced autterity measures, including a 19.43-percent devaluation of the dinar, the national currency, and the lifting of price Luka Miletic, a delegate from

On Saturday, the government

Several delegates called Tuesday for a special party congress before the end of the year, at which the leadership would be replaced. "We don't need a special congress," said Zvonimir Hrabar, head of the state-run trade unions.

\*\*Agence France Presse\*\*

What we need is action."



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# A Wide Variety of Pacts Are Signed, Including High School Exchanges

By Michael Gordon New York Times Service

MOSCOW - The United States and the Soviet Union approved almost a score of new agreements Thesday, including one in principle for a substantial increase in the himber of high school exchange endents - from the present 50 to as many as 1,500 a year.

Other agreements ranged from in accord expanding cultural ex- perts at the Soviet test site. nges to one on the peaceful uses

of space.
On arms control, the two sides, as expected, signed two pacts. One curies advance notification of other provides for experiments to good as the Corrtex approach.

Unless the two sides come nuclear testing.

The signing of these minor pacts. a regular ritual of summit meetings, was carried out to suggest progress in U.S.-Soviet relations, even though no major breakthroughs were reported on a strategic arms reduction treaty.

The arms control measures were ioned in the morning by Secretary I State George P. Shultz and Forof State George P. Smitz and For-eign Minister Eduard A. Shevard-

They were not signed by President Ronald Reagan and Mikhail S. Gorbachev, the Soviet leader, because they were "too small for them," said Gennadi I. Gerasimov, the Foreign Ministry spokesman.
It's important but not that imporant," he said of the signing of the

two pacts.
Under the launch notification ent, each side would proride notice at least 24 hours in advance of all launches of landbased and sea-based ballistic missiles. The notification would inchoice the date of launch, the launch area and the area of impact.

The 160-page agreement on joint testing experiments stipulates that each side can measure the yield of a nuclear explosion at the other side's nuclear test site, using its

. The United States plans to use ins Corrtex system, in which a cable is inserted into the ground close to the blast. The Soviet side has emphasized a different approach in which seismic measurements are made of signals in the earth from outside the test site. The experiments are to be carried out this

pleted, the United States hopes to persuade the Russians that the Cortex approach is better, and that the Russians should allow American inspectors to use it routinely on Soviet blasts greater than 50 kilotons, the equivalent of 50,000 tons of TNT.

But the Russians have resisted this approach since it would require the presence of American ex-

The Congressional Office of Technology Assessment challenged the Reagan administration's verification approach in a recent report. It said that seismic measurements launches of ballistic missiles. The can be improved so that they are as

Unless the two sides come to terms on what verification techniques to use, the United States will not ratify two treaties of the 1970s. limiting the size of underground nuclear explosions to 150 kilotons and will also not agree to begin talks on setting further limits.

The agreement in principle to greatly increase the exchange of high school students was proposed Tuesday by President Reagan and agreed to by Mr. Gorbachev. Many Soviet students would live

with American families and American students would live either with Soviet families or in dormitories. Other agreements were signed in the afternoon by Mr. Shultz and Mr. Shevardnadze. They included

one to extend an accord on cultural and educational exchanges peaceful uses of nuclear energy, fisheries and transportation, maritime search and research, radio navigation and some limited cooperation in space exploration.

### **Gorbachev Meets** Press Wednesday

MOSCOW — Soviet officials ter of both Mikhail S. Gorbachev announced Tuesday that Mikhail and his wife, Raisa.

S. Gorbachev would give a news

As he has throughout his career. conference in Moscow on Wednesday, believed the first ever on home ground by a Soviet Communist

Party general secretary.

Mr. Gorbachev, who has promoted a policy of glasnost, or openness, since coming to power three years ago, will meet with journalists After the experiments are com- covering the summit meeting.

# NAZI: A Reagan Guest Is Accused

(Continued from page 1)

not know if the Soviet allegations against Mr. Roshko were true. That kind of personal background, we're not aware of," he

- The article in Izvestia also de-

nounced a dissident editor, Lev M. Timofeyev, and a religious dissiient, Alexander Ogorodnikov. Mr. Borovik attacked Sergei I. Grigoryants, editor of the indepen-

dent journal Glasnost, as a "specu-

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Pravda and Izvestia, the Soviet · Union's leading official daily newspapers, were sharply critical Tuesday of President Reagan's meeting with Soviet dissidents and with Jews who have been refused emigration visas, United Press Interna-"uonal reported from Moscow. The newspapers said the presi-

dent had staged a "propaganda show" for a self-serving handful of

. P. Both papers reserved their stron-less criticism for the dissidents and less who, with their families, met with President Reagan on Monday at Spaso House, the residence of the American ambassador.

Ronald Reagan delivered a 🖔 speech with plat du jour statements du freedom and democracy in our country, and wound up with the

### SUMMIT: Fist Banging

(Continued from Page 1)

Russians with his direct style and frequent allusions to Russian liter-

Quoting writers and poets whose works have only recently been freed from the grip of censorship— Boris Pasternak, Anna Akhmatova and Nikolai Gumilev - Mr. Reagan told Russians not to fear change or democracy. "Your generation is living in one

of the most exciting, hopeful times in Soviet history," he told the students at Moscow University.

Sounding some of the same themes that Mr. Gorbachev has used in his campaign to revitalize the country, Mr. Reagan said mee does not necessarily bring disruption and discontinuity.

"Reform that is not institutiondized will always be insecure," he told the gathering of 600 students and faculty members. Mr. Gorbathey has been stressing the same point in recent weeks as he propared for a party conference in late June that he hopes will renew his promise of reform will be fulfilled."

sidy and the Sundance Kid." he cow set aside their political differ-Gearly hit a responsive chord when ences in providing economic aid to said, "We're hopeful that the developing countries.

words of Pushkin - It is time, my time to stop speculation on human movements of our age." rights and to stop turning this seriself-promotion and political performance."

### **ARMENIA:** City Shut Down

(Continued from page 1) brought about the tragic develop-

ments in Sungait." In another development, Mr. Grigoryants said the police in Ye-

revan had detained two friends of

tionalist arrested in March.
The two, Mofses Gorgisyan and
Nehak Gabrilyan, were accused of organizing a protest on Thursday.

They were held for 10 hours and never spoken in front of a vasi fined the equivalent of \$80, he said. The two are members of Mr. Ayri-kyan's nationalist group, the Alli-ance for National Self-Determina-



# Other agreements pertain to cooperation in scientific research on peaceful uses of nuclear energy. Reagan Applauded as a Civics Prof At the Gorbachevs' Old Alma Mater

By Steven V. Roberts New York Times Service

MOSCOW - President Ronald Reagan gave a lesson in American civics on Tuesday to about 600 students and faculty members at Moscow State University, the alma ma-

As he has throughout his career, Mr. Reagan charmed the audience, which repeatedly applauded his an-swers and gave him a standing ovation even if they did not accept all his arguments. He used references from Michael Jackson to the Sundance Kid in painting a portrait of American life and government that was a bit too glowing, according to

In his civics lesson, Mr. Reagan stressed such concepts as an independent judiciary and an unfettered press, and asserted: "The friend, it is time," Pravda said in a growth of democracy has become front-page article. Well, it is high one of the most powerful political

> And then, in one of the personal high points of his journey, Mr. Reagan eagerly answered a mixture of curious and critical questions from the students for about 20 minutes.

Mr. Reagan has addressed many student audiences. He joked on Tuesday that there was a time during his governorship of California in the early seventies when he could start a riot just by going to a camous.'

And gazing out at his audience, clad mostly in blue jeans and run-ning shoes and summer dresses. Mr. Reagan said he "would not be Paruyr Ayrikyan, an Armenian na- able to tell the difference between you" and a group of American stu-

> But Mr. Reagan has probably mosaic, filled with surging red flags of revolution, while a massive, white marble bust of V.I. Lenin looked down sternly from above

students expressed the same reaction one hears from many Amerihelp insure that these changes will

cans. They liked Mr. Reagan personally, they said, but dissented from many of his ideas. "It was great, for the first time. to see the president," said Peter Skorospelov, a student of American history. His speech was very

But the student also disagreed with Mr. Reagan's emphasis on buman rights, a major theme of his Moscow visit. "It is his right to say such things," said Mr. Skorospelov, as he puffed the remains of a cigarette on the steps outside the lecture hall. "But it is also our right to go our own way."

reach out to the Soviet people and chestra."

When he finished, many of the encourage the forces of change now unleashed here. By inspiring young people, goes their argument, Mr. Reagan can

> The White House staff hoped that the address would be broadcast in full by Soviet television, but they were disappointed when only snippets were shown on Tuesday night on the main news program. After two days of irritable ex-changes with Mr. Gorbachev, Mr.

Reagan avoided direct criticisms of the Soviet system and instead tried to teach by detailing examples from the American experience.

Mr. Reagan described at length the communications revolution, Mr. Reagan's appearance at the noting that micro-computers are Soviet Union's most prestigious now available that can "help Miuniversity was seen by his staff as chael Jackson produce on one synthe centerpiece of his campaign to thesizer the sounds of a whole or-

# Reagan Says Some Indians **Made Fortunes From Oil**

of life but some make fortunes from huge oil wells on their land. Answering a question from a student at Moscow University. where he had given a speech extolling American democracy, Mr.

Mr. Reagan's unexpected digression into Indian affairs began with a verbal hiccup when said: "We have provided millions of acres of land — what are called preservations, er, I should say, reserva-

After describing how the U.S. government had set up a Bureau of Indian Affairs and provided education and welfare services for native Americans, Mr. Reagan said: "Maybe we've made a mistake.

kind of primitive life-style. Maybe we should have said: 'No, come join us, be citizens along with the rest of us.'" Mr. Reagan continued: "You'd be surprised. Some of them became very wealthy because some of those reservations were overlaying great pools of oil, and you get very rich pumping oil."

MOSCOW — President Ronald Reagan told Soviet students on Tuesday that American Indians on reservations lead a primitive way Reagan suggested that native Americans living on reservations were turning themselves into second-class citizens.

"Maybe we should not have humored their wanting to stay in that

### military aid." She noted a mid-April U.S. warning to Moscow that Washington retained the right to the Kabul regime does. The Soviets have charged that U.S. arms for resistance guerrilla groups are still coming across the Pakistani border and threatened to has concluded that Soviet military continue sending arms to resistance aid to the Afghan government is continuing and that U.S. assistance At a press conference, General At a press conference, General Grimov estimated the Soviet Army slow down their pullout from Affore also go forward. Phyllis E. Oakley, the State Deof equipment and installations for ghanistan because of this. Ms. Oakley repeated the U.S. of-fer, made April 14 at the time of the partment spokesman, said a state- the Alghan Army as it withdraws signing of the Geneva accords profrom Afghanistan over the next

George P. Shultz seem convinced

Mr. Shultz said Sunday that Mr.

with its promised withdrawal.

nine months.
"Clearly, we think that the Soviets should take their equipment with them," the State Department

### The statement was the first formal U.S. reaction and it set out the official U.S. rationale for continuing aid to the resistance even though both President Ronald Reagan and Secretary of State

cluding the head of the writers' Gorbachev, "on the courage of his union, Viktor B. Karpov, and the decision" to leave Afghanistan. But editor of the magazine Novy Mir, he also said that the administration Sergei P. Zalygin, talked more remained committed to the formu-about world affairs than the power la known as "positive symmetry"

torian who attended the meeting alked like a person of o

meeting in December. The two meetings were marked by a contrast in style and intent Western classics while a law stu

lectual pretensions.

Ms. Oates, in an article in The mance in Washington as "seduc-

Mr. Reagan's meeting was quite the opposite. Despite his speechwriter's penchant for consulting a book of popular Russian quota-tions, Mr. Reagan played his accustomed role as the modest and per

"Mr. Reagan does not belong to the intellectual elite," said the poet Yevgeny Yevtushenko. "He represents the ordinary American peo-

And, without doubt, Mr. Yevtushenko meant it as a compliment.

— DAVID REMNICK

### Phrases of Elegant Ambiguity After Fast-Forward Tour ly indiscreet, offering little in the "Are you saving it for your way of self-revelation. But combined with pause and gesture, the words offered a little look inside

Nancy: Post-Leningrad Chat

ace Tuesday, taking in the art of the the woman. "Absolutely." What is Mrs. Andrei A. Gromythe gilded life-style of the Russian ko — her guide Tuesday — like?, czars on a tour whose speed was set she was asked, as she perched on the arm of an airplane seat. "How does she compare with Mrs. Gor-

parquet and inlay, malachite and backev?"
marble in the Hermitage, amid the grandeur of the fountains of Peter camed Mrs. Reagan smiled. Her eyes roamed thoughtfully leftward. Three seconds. She looked right, still smiling. Six seconds. How to compare a woman she has occasionally found irritating and a woman who had little opportunity or language to talk to her Tuesday? Nine seconds. Twelve seconds. "Well, she's a . . . everybody's different." The reporters erupted in laughter, and Mrs. Reagan joined

ington, where she was being ridi-culed for her penchant for things It was her ambiguity that was astrological, and a few score miles eloquent when the subject of Donald T. Regan arose, Mr. Regan, a from Moscow, where she seemed duty-bound to show affection for former White House chief of staff, Raisa Gorbachev to dispel the was scathingly critical of Mrs. Reaclouds of gossip, she sat and spoke, gan, describing her as a woman briefly, about what she felt about her enemies at home and the people and meddlesome when it came to the set of gossine when it came to the art of governance. who once seemed, at least, to be her

"I don't want to go over that,"

"Could be." "Should Don Regan read it?"

And how will you tell it? "My way." And her eyes glis-

She did Tuesday's tour her way, too - or at least the way of White House advance men, who scheduled in entire periods of Russian and Renaissance history like so many photo opportunities. Mrs. Gromyko remarked to a friend, as the two kept on the forced march through the palace, "So quick They stand. They go,

A Soviet official from Moscow muttered darkly, "It's a crime the way they're doing it."

On the plane, on the way home, she seemed moved by the experience, but hard-put to explain the

"When I saw what they wore on their borses" — a reference to the bejeweled saddles and bridles in the Hermitage - "and then when you went down to the level of the people, I suppose, yes, it gives you an understanding of what bappened." Does it make her more sympathetic to Communism?

tance so long as Soviet assistance to

viding for the Soviet troop with-

drawal, to match any "restraint" on

the Soviet part with a similar re-

straint on the American side on

supplying arms to their respective

Until this happened, she said,

"we'll operate on the assumption

that Soviet military assistance of

various kinds to the Kabul regime

East Germans Cross to West

HAMBURG - Two East Ger-

man well-diggers crossed to the

West German state of Lower Saxo-

ny on Tuesday by climbing border

fortifications, West German border

# U.S. Warns on Aid to Kabul

By David B. Ottaway Washington Post Service

By Felicity Barringer

New York Times Service LENINGRAD - Nancy Rea-

gan gently stormed the Winter Pal-

Italian Renaissance masters and

But amid the kaleidoscope of

the Great's summer palace, and

amid the banalities of wonder and

appreciation, Mrs. Reagan seemed

spirit among her hosts.

ninely touched by a warmth of

By the time Mrs. Reagan re-

boarded Air Force One for Mos-

cow, she was both tired, relaxed

and — almost — talkative.

Several thousand feet in the air.

several thousand miles from Wash-

at fast-forward.

WASHINGTON — The State Department said Tuesday that it to the Afghan resistance will there-

ment made May 14 in Kabul by Lieutenant General Boris Grimov, commander of the estimated 115,000 Soviet troops in Afghani-

### **REAGAN:** Appeal to Artists

(Continued from Page 1)

said Monday on an evening news the Soviet Union is going ahead program that Mr. Reagan's meeting with dissidents had been "pro-

agandistic."
Reagan had personally congratu-lated the Soviet leader, Mikhail S.

Roy Medvedev, a dissident hissaid: "The Soviet cultural figures talk like politicians and Reagan Like his walk on Arbat Street on Monday, Mr. Reagan's meeting with cultural figures was a kind of mirror of Mr. Gorbachev's session with American intellectuals and artists at the Soviet Embassy in Washington during the summi

While meeting with the likes of Henry A. Kissinger, Yoko Ono and Joyce Carol Oates, Mr. Gorbachev spoke extemporaneously and comnented various authors in the room on their books. The Soviet leader, who reportedly read many dent in Moscow, has personal intel-

New York Times Magazine, described Mr. Gorbachev's perfortive" and akin to "an expert leading a university seminar.

sonable former actor to the hilt.

ple. He speaks for the silent major-ity."

What put the Sir

It has been commonly assumed that Sir Walter Scott was given his knighthood for services

The Glenlivet®

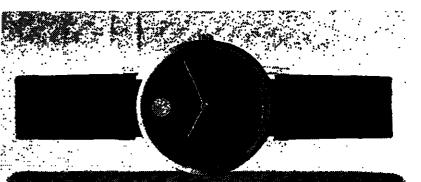
12 years old single malt whisky.

in Sir Walter Scott?

However, there is a school of thought which is puzzled by his constant publicising and praising of The Glenlivet single malt whisky. It is mentioned frequently in his writings.

The Glenlivet was also the Monarch of that time's favourite whisky. It was said "he would drink nothing else".

Is there a connection between these two facts and his knighthood? I believe we should be told.

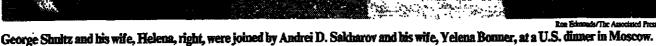


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mandate to change the country.

Although Mr. Reagan mangled many of the Russian names and phrases he used, and seemed to have sometimes been pointed or third of the visit.

puzzle the student audience when contentious, we possess an en-he drew a comparison between Mr. larged understanding of each other, Gorbachev's campaign for ecofloring renewal and a scene from
the American movie "Butch Casfide american movie "Butch Casfide American movie "Butch Casfide american movie "Butch Casfide american movie "Butch Cas-

Mr. Reagan's emphasis Tuesday

Instead of meeting together for 15 minutes and then expanding the talks to include advisers, the two leaders talked alone with translachev's domestic programs.

"It was all domestic, philosophi-. cal, political," Mr. Fitzwater said. The president wanted to give Gorbachev a chance to talk about perestroika." Perestroika, which means restructuring, is the word Mr. Gorbachev uses for his overall effort to revive the economy and

Shevardnadze met with senior aides to make a final effort at

reshape Soviet society. Because the Reagan-Gorbachev tors and notetakers for more than a meeting exceeded the allotted time, hour, mostly about Mr. Gorba- Secretary of State George P. Shultz and Foreign Minister Eduard A. limits on nuclear testing.

breaking some of the remaining arms control deadlocks. Mr. Shultz and Mr. Shevardnadze, as expected, signed two minor arms control pacts as Mr. Gor-

bachev and Mr. Reagan looked on. One requires advance notification of launches of ballistic missiles for tests. The other provides for experiments to improve ways to monitor

# Herald Cribune.

### Let Bush Be Bush

What happened on Sept. 30, 1968, and why should George Bush care? The answer: That was when Vice President Hubert Humphrey, in a speech in Salt Lake City, began to part company with President Johnson's policies in Vietnam. But the divorce was a shade too late. Mr. Humphrey eventually lost the race to Richard Nixon by 440,000 votes, even though he was gain-ing ground at a rate of 500,000 votes a day. It may now be Sept. 29 for Mr. Bush. This was plainly the message that Peter Teeley, his chief spokesman, tried to convey last week

when he asked for re-assignment, Mr. Teeley no longer felt comfortable as spokesman for a campaign which in his view had waited too long and done too little to provide a clear definition of who Mr. Bush is, what he thinks and where he would lead the country.

The polls lend some credence to this view. The most recent New York Times-CBS poll, taken in mid-May, had the vice president trailing Michael Dukakis by 49 to 39 percent. Later polls show a larger margin for Mr. Dukakis. Much of his support reflects ques-tion marks about Mr. Bush and the policies of the administration he serves.

The people have turned the page on this administration, and right now the next page is blank," says Douglas Bailey, a Republican consultant. The problem is that there is no

Bush idea ... no Bush agenda out there." The economy provides a case in point. Employment is up and inflation is way below where it was when Ronald Reagan moved into the White House. Yet the vice president seems not to have profited from a sure-fire issue. What this could mean is that Mr. Bush has yet to explain persuasively how he intends to keep things from coming apart.
His task of establishing a clear identity among average voters is complicated by a

patrician image and the uncomfortably

preppy argot he sometimes uses to address the common man. But the underlying substantive need is to convey a sense of vision and command, which almost surely will involve putting some daylight between himself and the Reagan administration's inadequa-cies without alienating millions of true Reaganites. That is not a comfortable task for a candidate who, like Mr. Humphrey 20 years

ago, is a decent and loyal man. This may help explain why Mr. Bush's disagreements have been so carefully disguised as to be virtually invisible. The big exception, of course, was his criticism of efforts to negotiate Manuel Antonio Noriega's removal from Panama. But even here, the way he pounced on the issue suggested that someone in his entourage had said: Wow, Dukakis is pulling away, and the Democrats have seized the drug issue. What

can we say to look tough? The same fitful quality pervades this whole campaign, in which Mr. Bush seems to have responded to someone else's goals instead of setting forth his own and finding out which ones the public shares. The ability to develop an aggressive agenda against politi-cal foes is a test of presidential fiber. So, too, is the ability to find an honorable way to display independence from one's boss.

As a senior Bush strategist, Robert Teeter, points out, there is a lot of time between now and November. Early polls are early polls, and Mr. Dukakis has yet to face serious cross-examination. Americans don't yet know why cars in Massachusetts bear bumper stickers that say "Dukakis for what?" It is equally clear, though, that many people don't really know Mr. Bush. He will probably have peace on his side, and prosperity. What is missing is a well defined political personality.

- THE NEW YORK TIMES.

# Gorbachev and Ethiopia

A staggering tragedy is being produced in Ethiopia by the Marxist government of Colonel Mengistu Haile Mariam. If it is consummated, it will confirm his global reputation as the cruelest leader to come on the world scene since Cambodia's Pol Pot.

Colonel Mengistu has brought about a situation in which at least two million Ethiopians face starvation — this in a country where something approaching that number died in a politically aggravated famine just three years ago. Plenty of food is available, provided by foreign donors and stacked up now at the ports. The logistical means and the teams to do the job are also available. But Colonel Mengistu faces strong resistance to centralized rule from an independence movement in Eritrea and from other territories. He evidently would rather see the people there die than allow food to get through to them — food that sustains human life and political challenge, too.

It pains the Mengistu government to have foreigners ask whether a prolongation of its rule over the Ethiopian people justifies a policy with clear genocidal implications. What the government fails to realize is that its policy of food denial plays directly into the hands of regional challengers who claim that the Mengistu government is a foreign occupying presence, not a legitimate political authority. Far the best way for the colonel to assert a role as leader of the whole country is to care for the welfare - the survival - of its inhabitants. That means in the first instance allowing the ready international aid agencies to feed those starving in Ethiopia, no matter

where in the country they are. Colonel Mengistu rules with Soviet arms. Soviet subsidies, Soviet patronage. What does Mikhail Gorbachev have to say about

the calamity in his client state? -THE WASHINGTON POST.

1986. But accounts are settled in money, not

One reason for the extraordinary lag was

that foreign producers, to keep up U.S. sales,

than make big price cuts. Also, new market

switched to bargain imports kept on buying

when prices rose. Some products formerly

made in America were produced abroad or

forced out of production by foreign competi-

tion. And the high dollar destroyed some

It is far too soon to say that an export

surplus is on the way. But a nation burdened

U.S. industries' overseas markets.

# Good News on Trade

It looks as if America's the foreign trade strengthen exports and weaken imports deficit has definitively turned around. within two years. Trade volume, which That is good news — but only because the means production and jobs, did turn in late previous news has been so bad.

tonnage; the deficit in dollar transactions did Erratic monthly trade figures make it impossible to read a trend until well after it not peak until last year's final quarter. starts. In monthly reports, the deficit peaked last November, shrank for two squeezed their profits rather than raise prices months, grew in February and shrank in March. But the reports were raw and inby the full amount of the dollar's decline. And Department's quarterly report confirm subdollar was high, opted to reflate them rather stantial improvement in the first quarter. patterns took root. Americans who had

Can America stop worrying? Absolutely not. Even the improved picture suggests a 1988 deficit of \$144 billion. That is markedly better than last year's \$160 billion, but far from the surplus that America needs. Moreover, last year's deficit also shrank — slightly — in the spring, then grew in the summer and fall. The latest figures are much improved from a year ago. And the strong surge in exports was a major force in the surprising

first-quarter strength of the overall economy.
What took so long? The dollar's decline,
starting in early 1985, was supposed to

by huge budget and trade deficits can take some small comfort from knowing that, for now, one of them is not getting any worse. - THE NEW YORK TIMES.

### Tenure in the Bloc

Mikhail Gorbachev's new proposal for limiting the tenure of Communist office-holders would have benefited Janos Kadar. Had Mr. Kadar stepped down as Hungary's party chief, say, in 1976, he would have earned glowing notices for his economic reforms and for the relative political tolerance he adopted after ruthlessly crushing the revolutionaries of 1956. But in the age of Gorbachev, Mr. Kadar appears less a reformer than a grudging old functionary who stayed on for 32 years, resisting to the last his replacement by a younger man.

Mr. Kadar was once something more and better. Originally despised as a puppet, he overcame the stigma of switching sides during the 1956 Hungarian revolution and agreeing to the execution of his former comrades. He devised a pragmatic compact with his people, captured in his maxim, Those who are not against us are for us." In the 1970s he leashed the secret police and tolerated dissent, so long as there was no frontal challenge to one-party rule or the Soviet tie. His "goulash communism" relaxed rigid economic controls, encouraged small-scale private enterprise and opened

the border with Austria. But in recent years Hungary ceased to be a trailblazer. Goulash communism has given way to hard times, a crushing foreign debt of \$18 billion and high taxes. The death rate for men aged 35

to 49 is twice the European average.

As the economy has faltered, so has tolerance for dissenters, especially if they bring up taboo subjects like the 1956 revolt. Mr. Kadar stonily refers to the uprising as "an event." Schoolbooks belittle it as a fascist plot. Archives are sealed, and tongues silenced, about exactly what happened in the three days early in November 1956 when Mr. Kadar emerged as the new leader.

This month's new leader, Prime Minister Karoly Grosz, has a record that offers few clues besides his age -57, the same as Mr. Gorbachev's —and the naming of two aggressive reformers to the new Politburo. Still, Mr. Grosz has managed an orderly rotation at the top, which is a difficult feat in any one-party state. A more daring feat would be to set a limit on his own term in office — a truly revolutionary notion in geriatric Eastern Europe.

- THE NEW YORK TIMES.

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France, Tel.: (1) 46.37.93.00, Telex: Advertising, 613595; Circulation, 612832; Editorial, 612718; Production, 630698.

Directeur de la publication: Walter N. Thayer.

Editor for Asia: Michael Richardson, 5 Canterbury Rd, Singapore 0511. Tel.472-7768. Tix RSS6928
Managing Dir. Asia: Makolm Glem, 50 Gaucester Rand, Hang Kong, Tel. 5-8610616. Telex: 61170
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S.A. au capital de 1.200.000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61337

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# Central America: A Washington Fiasco

WASHINGTON — "Noriega Gives Us the VV Finger," screamed a recent headline in the New York Post, and that had it about right.

The Panamanian dictator isn't alone in his disdain for U.S. policy. Much of Central America seems to feel the same way these days. It may be rude to say so as President Reagan attends a summit in Moscow, but the fact is that U.S. policy in Central America is a shambles. From one end of the region to the other, the United States has failed

to achieve its foreign policy goals.

Manuel Antonio Noriega has defied Washington and won. So have the Sandinists in Nicaragua. So have extremists, left and right, in El Salvador. And in two coup-prone countries, Guatemala and Honduras, the worst may be yet to come.

The architects of Reagan administration policy agree that Central America is a diplomatic disaster area. Here is how a senior administration official put it: "There is a sense that the United States has By David Ignatius

tion official who has played a leading role in shaping the contra program and other U.S. poli-cies in the region. When this frustrated official

looks at the map, here is what he sees:

Guerenala: The civilian democratic government of President Vinicio Cerezo survived a military coup attempt this month, but next time it may not be so lucky. "We have headed off coups before in Guatemala," said the senior official. "It's probable that we are less able to do so now because our general sway in the area is reduced."

Some Guatemalans are playing deverly on ad-ministration anxieties about instability in the region after the collapse of the contra program. The administration official recalls a recent conversation with a Guatemalan official. "You ought to eithers more sid." said the Guatemalan. "After all, give us more aid," said the Guaten



proved that it is a divided government, a divided country, unable to get a coherent policy. Our general influence is reduced in the area. Why do you have to listen to the United States?"

The Reagan administration blames Congress for the mess, arguing that U.S. policy lost any credibility when Congress abandoned the Nicaraguan resistance last February. Congressional Democrats, just as predictably, contend that it was the administration's obsession with the contras that got the United States in such trouble in the first place. Meanwhile, as the two sides debate who is to blame for the debacle in Central America, the situation continues to deteriorate.

The chain of failure in Central America would not seem so devastating if the region had not been such a high priority for the Reagan administra-tion. The United States, after all, has sponsored a seven-year covert war against Nicaragua; it has maintained a large military aid mission in El Salvador, it has staged repeated, large-scale mili-tary exercises in Honduras; it has tried for nearly a year to topple General Nonega of Panama. And what has the United States obtained for

all its military muscle-flexing in Central America? Next to nothing. One big reason is the administration's consistent failure to use its military muscle to achieve diplomatic results.

A bleak picture of what may lie ahead emerged last week in an interview with a senior administrayou've abandoned the contras, and El Salvador and Honduras are gone ... Forget 'em. They're gone. They're finished. But we're not gone ... So

why don't you start switching your investment?"

El Salvador: The centrist forces of President José Napoleón Duarte seem to be losing ground to extremists on both sides. The far-rightist Nationalist Republican Alliance (Arena) posted big gains in legislative elections in March, and the leftist insurgents of the Farabundo Marti National Liberation Front (FMLN) continue their guerrilla war. The center may yet hold in next year's Salvadoran presidential elections, but the situation is causing fitters in Washington.

Mr. Duarte's reaction to the failure of U.S. policy has been to try to cut his own deal with the Sandinists to halt support for the FMLN. The administration official notes that Mr. Duarte "is into this peace process, and we understand the bargain. Maybe it's a good bargain for El Salvador. But what if he doesn't even get it? Then the Americans have dumped the contras ... and what have [the Salvadorans] gotten out of it?"

Honduras: The country that sheltered the contras and let them operate across its borders faces a stark choice now to protect itself. Should it cut a deal with the Sandinists that closes the border to the contras, or seek a mutual security treaty with the United States and a military base agreement?

"The Hondurans are in a very difficult posi-

tion," said the senior administration official.

They cast their lot with the administration and its ney cast their lot with the administration and its policy. [That] policy looks like it's being undone, so what should Honduras do now? I think the Hondurans are reacting very sensibly. They want

to know what we're going to do."
Nicarogua: The Sandinist regime has won its battle against the contras and is consolidating its battle against the contras and is consolidating its control. But the senior administration official argues that the war isn't over yet. The new battlefield, he says, is political and trade union action against the Sandinists in the cities and towns. The kind of questions we are asking ourselves now are th less what we can learn from the experience of the FMLN or Savimbi [in Angola] about guerrilla war and more about what we can learn from [the Polish trade union] Solidarity."

Panama: General Noriega's defiance of the United States may encourage similar challenges in the region. Despite trying nearly everything — economic sanctions, an attempted military coup. verbal threats, legal harassment — the Reagan administration failed to budge the Panamanian strongman. The last card played by George Shultz last week was the old labor mediator's trick of declaring that he was getting on a plane (in his case, to Helsinki) whether an agreement was reached or not. General Nonega called his bluff. Washington's leverage against General Nor-iega now, says the administration official, is largely the fact that because he has been indicted in the United States, he is pinned down. "He can't ever leave Panama. Ever. Which is not nothing. It complicates his life a lot."

Through these various setbacks runs a common theme: the failure of the Reagan administration to use its military leverage (gained at such political and human cost through the contras program) to secure concrete diplomatic gains. Indeed, the administration seemed at times to reject the very idea of diplomatic solutions — and in the process

squandered much of its influence in the region. A clear example of this rejection of diplomacy came in August 1987 when the State Department's special envoy for Central America, Philip C. Habib, sought permission to start serious negotiations on a comprehensive peace settlement in the region. The time seemed ripe. The leaders of the Central American countries had

just agreed on a broad peace plan that included curbs on Soviet and Cuban interference. What was needed next was a strong push from Washington, Mr. Habib, who is probably America's most experienced diplomatic troubleshooter, made the modest proposal that as U.S. negotiator for Central America, he go there and negotiate.

But the White House refused to approve his itinerary, largely because Assistant Secretary of State Elliott Abrams and other administration hard-liners feared that he might actually do his job and obtain an agreement, one that stopped short of toppling the Sandinists. Mr. Habib concluded that he was wasting his time, and quit

At the time of Mr. Habib's resignation, former Secretary of State Henry Kissinger warned, "If we are not careful, we will wind up reaping the disadvantages of every course of action."

That is a pretty good description of what has happened. An administration that spurned compromise in Central America and seemed to want all or nothing has come close to getting nothing. Perhaps the United States finally hit bottom last week, with an accused Panamanian drug dealer thumbing his nose at it.

The Washington Post.

# Bush Will Have to Start Looking Like a President

WASHINGTON — The discord in George Bush's hitherto harmonious campaign - reflected by Peter Teeley's resignation as com-munications director in a dispute with Craig Fuller, the chief of staff -is the sort of thing that happens in even the most harmonious of camigns when things start going bad-

ly. The present dispute arises not from personalities but from disagreement over a genuinely difficult problem that has not been solved since 1836: How do you convert an incumbent vice president into a plansible president?

Until recently, Vice President Bush seemed to pretend that no problem existed. "In our family, loyalty is not a character flaw," he said, campaigning as the faithful acolyte of a popular leader. This was working well with Republican voters, almost all of whom liked Ronald Reagan, at a time when the president's popularity was greater. It has worked worse with all voters in the

Noricea-Messe-Speakes-Regan en-vironment of April and May. The latest Washington Post-ABC poll shows Mr. Bush with just 40 percent voter approval against Michael Dukakis. That is far less than his advisers expected, and far less than you would predict for the candidate of the "in" party in a time of

peace and prosperity.

Those basic facts may still end up electing him. But there are countervailing tendencies. After seven years of a successful Republican adminis-tration, the things that voters think still need doing tend to be things that they think will be better done by Democrats. When no one has a persuasive theory of what comes next, voters tend to be less thankful for today's prosperity than they are uneasy about the future.

Then there is the vice presidential problem. Voters want loyalty in a vice president, if only because of the Chester Arthur factor: No one says so out loud, but Americans don't want policy differences between the president and vice president because they don't want someone to get rid of the president in order to change the policy. (President James Garfield was mardered by a man from Vice President Arthur's faction who thought

Mr. Arthur would give him a job.)
But by the eighth year of a presidency the Chester Arthur factor no longer applies: There is going to be a new president one way or the other. And in a president voters want not loyalty and continuity but strength and a sense of command. The Post-ABC poll shows Mr. Dukakis rated as a strong leader by a 54 to 34 percent margin; by a 46 to 48 percent margin they see Mr. Bush as not a strong leader, Mr. Dukakis is seen more often as effective, trustworthy in crisis and having a vision for the

future of the country. The voters do not know Mr. Dukakis well, but they have seen him face down his Democratic opponents and refuse to meet all the lit-

By Michael Barone

they have been seeing is a vice president who has dodged chances to with drug dealers at home or abroad stake out differences with the president on the civil rights act veto, on factory closings, on Ed Meese.

Noriega. But this is an issue that probably has disappeared with the

Mr. Bush needs to find a way between the two extreme solutions to the vice presidential problem. One is the slavish loyalty practiced

by Hubert Humphrey, out of fear of

A campaign always

reflects the candidate.

Lyndon Johnson, until a Sept. 30, 1968, speech differing, although only marginally, with Mr. Johnson's Victfrom 28 percent to 43 percent in the polls—almost enough to win a three-have won on the floor.

-not with General Manuel Autonio collapse of negotiations, and Mr. Bush differed only gingerly.)

Even as he avoids the Humphrey problem, Mr. Bush must avoid the opposite extreme, adopted by Richard Nixon in 1960, of accepting the opposition's premises.

Although he was part of a popular and successful administration, candidate Nixon embraced the views of President Eisenhower's liberal critics. In the "treaty of Fifth Avenue," he surrendered to Nelson Rockefeller's demands for a platform of nam policy. That helped him rise stronger civil rights and higher de-

way race, although not nearly enough in a two-way contest. (Mr. Bush said cepted John Kennedy's framing of In the famous first debate, he ac-

the issue (we have to get America moving again) and said he differed only on means, not ends. Mr. Bush needs to be careful, when he says he will be the "education president" or talks about the environment, that he does not hype an issue in terms that favor Governor Dukakis.

Washington's eyes are now which group of Mr. Bush's campaign advisers will prevail. But a campaign always reflects the candidate. Mr. Bush needs to show a sense of command and set out his issues and his solutions without reference either to Mr. Reagan or to the Democrats.

His strategists had assumed that his own limited but usually underestimated talents, plus the Democrats' liabilities, would prevail once he got the nomination. That assumption seems flawed. Mr. Bush needs to show he can act like a president and only he -- not Pete Teeley, not Craig Fuller — can do it. The Washington Post.

# An Interest Group Is an Interest Group

By John Kenneth Galbraith

C AMBRIDGE, Massachusetts —
As a citizen of, I trust, reasonably responsible concern, I am disturbed by what I read about interest groups. And especially, as one who votes Democratic with some certainty, by what I hear of the grave subordination of past and present Demo-cratic candidates to their influence.

In 1984, Walter Mondale was widely condemned as the candidate, even the captive, of interest groups. Michael Dukakis is now being warned every other day of the danger of succumbing to similar influences with similar result. No one doubts that Jesse Jackson is deeply commit-

ted to interest-group politics.

Knowing that America should have a president who is responsible impartially to all Americans, all will

understand my discomfort.

To be specific, a Democratic candidate is thought vulnerable to the demands of the minorities, the trade unions, women and more especially those who assert women's rights, the environmentalists, the aged and more especially the infirm, and, if more

generally, the urban poor.

Any politician who must respond to the needs and desires of all these groups is hardly a free agent. So the conclusion: Better the Republicans with their pure commitment to the polity at large. Or, anyhow, so on first thought. But on further reflection I am led to wonder: Is it possible that we have been captured by a rather limited, not to say eccentric, conception of the interest group?

In these last years, the affluent have fared very well under President Reagan. Their share of income both before and after taxes has increased mns tests of feminists, gays and sup-porters of Israel. The George Bush story for lowering taxes on the rich.

Those so rewarded, then and now, contribute heavily to political cam-paigns, are generally articulate and show up reliably at the polls. Most are known to be Republicans. But oddly they are not an interest group. That, perhaps, is because in Ameri-

case for legislation that is for the benefit of the rich. Similarly, American corporations have in these last few years been liberated from highly unwelcome regulation and protected against even more inconvenient restraints that might otherwise have been enacted. Banks have turned with no slight success to the Reagan administration for salvation. There recently has come

can democracy it can never be the

welcome support from the president on plant-closing legislation.
Business firms have a strong organizational presence in Washington and are served by a large deployment of lobbyists. Responses by politicians are mellowed by funds from the politicalaction committees. Many, one thinks most, businessmen are Republicans. But they are not an interest group.

Further, there is the weapons in-dustry. This is known to have an exceptionally well endowed lobby in Washington or, more conveniently, in Virginia. To that industry the present administration has been extremely favorable; some think it may be its captive. But the weapons makers are not an interest group - cer-

tainly not in the same way as are trade unions, women and blacks.

The Christian fundamentalists will rally strongly to the Republicans this autumn. But they are not an interest group. Although women who support the right to abortion are an interest group, those who oppose it, mostly Republicans, are only upholding traditional American and religious values. Trade unions are undeniably an oceanic canal in Nicaraugua. The tack was so unexpected that interest group. Those who defend the object of the treaty, the despatch bomb fell with deadly effect.

right-to-work laws are simply on the

The conclusion seems inescapable. An interest group is any association of citizens that is numerous, most likely of low income and has aspirations that are unfulfilled

If the participants are affluent, small or manageable in number (the fundamentalists and the right-to-lifers are here an exception) and have already made it in Washington or elsewhere, they are not an interest group. Rather, they are a politically innocent expression of the American dream.

The writer, emeritus professor of eco-nomics at Harvard, contributed this comment to The New York Times.

side of the free market.

### 100, 75 AND 50 YEARS AGO

1888: Blaine Withdraws

NEW YORK — A "Times" special says Mr. Blaine's final withdrawal from the presidential contest contin-ues to be the universal topic of polit-ical discussion. The Republican delegates to the Chicago convention are divided. Messrs. Sherman, Gresh-am, Allison, Depew, Harrison, Alger, Hawley and others are to be brought forward. There are yet no signs of an agreement among the Republicans regarding Mr. Blaine's successor. Their surprise and dismay at his last letter are very great.

1913: Nicaragnan Canal LONDON — A Washington telegram published by the "Evening News" says that the Administration

has decided to negotiate a treaty with Nicaragua, whereby the United States shall be granted the perpetual and exclusive right to build an inter-

adds, is clearly to exclude any other country which might desire at some future time to avail itself of the Nicaraguan canal route.

1938: Spanish Bombing BARCELONA - More than 500

people, for the most part women and children, were killed as Nationalist military aviators flung a load of bombs upon the crowded market-place of Granollers, a town 20 miles northwest of Barcelona, this morning [May 31]. Though only a town of 20,000 inhabitants, Granollers has been full of refugees, mostly from the Basque country, for several months. As usual in the early part of the morning the womenfolk were at the market in the center of the town making their daily purchases. At 9 o'clock, when the crowd was at its densest, five airplanes flying at a me-dium height dropped about thirty bombs in rapid succession. The attack was so unexpected that every

Russian Fat Political In Fashion

By Jim Hoagland MOSCOW — The Americans are measuring out the hoopia and verbinge in big dollops here this week History's first revenge walkabout was the most eve-catching event. The ear had the harder job in sorting the spo-ken wheat from the metorical chaff.

The Reagans proved that they can provoke just as many imprompts "oohs" and "ahs" from a crowd in Moscow as Mikhail Gorbachev did on Connecticut Avenue in Washing. ton. Street-corner parity has been established for generations to come. In the hurricane of words that swirled through this summit week a zephyr lofted by Reason spokesman Marlin Fitzwater was intriguing. The president, he said, was telling the Son. ets that "we would like to cooperate in any way possible to increase trade opportunities in the Soviet Union."
Some of us are old enough to re-

member the economic summit at the palace of Versailles way back in 1987 when Ronald Reagan and Alexander Haig gave the Europeans and Canadians to understand that the Soviet Union was on its knees economically, One good shove and the Communist system would be on history's ash heap. the Reagan team said. They asked the astonished Europeans to abandon a natural gas pipeline deal with the Sovi-

ets as the beginning of that shove.

Led by Margaret Thatcher and François Mitterrand, the Europeans refused. Mr. Reagan showed the depth of his feeling about the economic pressure issue by then trying to impose sanctions on America's major allies to :force them into line. A mess ensued.

The Soviet economy is weaker to-day than in 1982. But Mikhail Gorba-chev's promising and the sound of the s chev's promising conduct at the helm has transformed the president, who is now trying to help the Soviets up off their knees. He has dispatched his commerce secretary and other officials here on trade-scouting missions. He has presided over an easing of the rules under which NATO countries and Japan sell airliners and other industrial products to the Soviet bloc.

Mr. Reagan seems to be unaffected in by the screams of pain from conservatives who fear that the Soviets will use economic links with the West to modemize their military forces and eventually pose a greater threat to the West. The conservatives dismay is part of

the most cogent debate now under way about East-West relations: Does the West have less to fear from a fat Russian or a skinny Russian? President Reagan was once the leader of the pro-skinny camp. Now he lines up with the fatties, who believe it is in the West's interest for

Russians to be successfully "restruc-tured" by Mr. Gorbachev and become better fed, more efficient and presumably more democratic. After some hesitation while watching the Washington end of the debate, West Germany has just come down in .....

favor of chubby Russians by clearing a \$2 billion loan for the Soviet Union. Bonn faced no opposition from the All Reagan administration on the loan, diplomatic sources here report. The terms of the German loan say a great deal about Mr. Gorbachev's eco-

nomic intentions, revealing a clear conservative streak in Soviet financial management. The shape of the German deal suggests the limits of economic determinism, capitalist style, when applied to trade with the Soviets. Some of Mr. Gorbachev's economic and political advisers have been urging him to borrow big from the West to finance an immediate surge in consumer imports. They argue that he needs to widen his political support in this most difficult, initial

stage of restructuring. But the German loan will instead purchase machinery to produce consumer goods. Disgruntled consumers will not see results of the loan for four or five years. Mr. Gorbachev prefers to make such sacrifices for the people than to "squander" foreign currency loans on a temporary fix in the view of one well informed diplomat.

There are indications in Moscow that the German loan could have been larger if the Soviets had asked for more. But Lenin's early dictum of economic self-sufficiency, which balanced the level of foreign credit sought against the rate of national

output, still seems to apply.
Just as Ronald I overestimated the
West's ability to achieve changes in Soviet behavior through economic pressure, Ronald II appears to be overestimating the West's ability to help Mr. Gorbachev "get his glasnost" by extending economic help. The Communists seem to be less mistyeyed about this. They are stressing the not nureasonable notion that business is business, and not social engineering. The Washington Post.

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# **OPINION**

# The Kremlin Is Still Lying In Fashi By A. M. Rosenthal By A. M. Rosenthal The political prisoners Cardes we did keep political prisoner Cardes we did keep political prisoner Cardes we did keep political prisoner Cardes we did keep political prisoner

By A. M. Mosentian

The plain truth—yes, for seven decades we did keep political prisoners and we still do—cannot yet be faced, and we still do—cannot yet be faced. straight at the American people through a television camera in Moscow and lied. There are no political prisoners in the Soviet Union, he said. Just a few people convicted under Article 70 of the Soviet

riminal code. About a dozen.
It was startling, not because the Soviet
Union and its spokesmen had not told

ON MY MIND

that the second the second that the second the second that the second the second that the second that the second the second that the second the second that the second that the second that the second that the second the second that the second

was were being released for the same or the being released for the being released for the being released for the being released for the same or the being re

# The water contents a water of the state of t

Gorbachev as Symbol

Gorbachev as Symbol

To ormone the present of the state of the

a strater threat to be formers as a symbol of hope. Yet Mr. Gorbachev moss all the intellectuals' hopes. He wants a mild dictatorship like Franco's Spain. But he faces a society that has become more discated and middle class. It wants more.

Wants more.

If we accept the belief that every sign of the prostum came to the West's unto th the Mr. Corphacher a science professor, the Los Angeles Times. a fester teat more effice ag-

mean saying that tens of thousands of people in the Soviet Union are involved in the process and still hold their jobs: judges, secret police, prosecutors, war-dens, Communist Party officials.

It would mean conceding that Article 70 and the other provisions of the criminal code that allow the Soviet government to imprison those whose political or religious principles it finds dangerous are not only in place but used.

Yet it was startling to hear the falsehood told again, the very day President Reagan arrived in Moscow. There had been the hope that since so many important changes were taking place in Soviet society, the Kremlin would no longer feel the need to lie about the reality of political imprisonment, to deny once more the sun and the moon hung in the sky.

Just moments before Mr. Gerasimos spoke on the David Brinkley show, responding to a question by the newsman Sam Donaldson in Moscow, I finished Natan Sharansky's "Fear No Evil,"

been jailed for years in pointed processes that the soul international commissions struggling to international results in the sould be internated what commissions international commissions struggling to internated in stories of the soul.

Mr. Sharansky was a political prisoner of the Soviet Union: He served mine years of the Soviet Union: He served mine years for fighting for the right of Jews to practice their religion and for those who was denied by the price the Soviet Union even now is not internated by the sould have price the Soviet Union even now is not within a sould be large withing to pay. It could not be faced, so it was denied, even as some political prisoner of the Soviet Union: He served mine years of the soul.

Mr. Sharansky was a political prisoner of the Soviet Union: He served mine years for fighting for the right of Jews to practice their religion and for those who will be the willing to pay. It could not be faced, so it will be the was denied, even as some political prisoner of the Soviet Union: He served mine years for fighting for the right of Jews to practice their religion and for those who will be their religion and for those of the sould be their religion and for those who will be the religion and for those of the sould be their religion and for those of the sould be the religion and for those of the sould b letters, for a year or two at a time. Four hundred days shivering in punishment cells, two hundred on hunger strikes, his last line of resistance against the KGR.

This is a book about how a man

fought and conquered the Soviet prison system with only two weapons — the soaring strength of his own spirit and the fact that his name and plight were known to the world and not forgotten. Mr. Sharansky was released in 1985, after Mr. Gorbachev took power. Under Mr. Gorbachev, about 300 prisoners have been released. For this he has received

proper recognition. There are rumors that

next month the Central Committee will

go another step, free others and repeal the political imprisonment laws. But millions of other Soviet citizens not prisons — Ukrainians, Armenians, ians, Jews, Moslems and the Baltic nationalities - want to leave the country.

As long as the right to leave is denied, they will remain political prisoners. Unless all this changes, the hope Mr. Gorbachev is creating will not be realized. Lincoln said it one way: A nation cannot endure half slave and half free.

Natan Sharansky said it another, his first night in Jerusalem, when he kissed the Western Wall of the Old Temple: Baruch matir asirim." Blessed is he who liberates the imprisoned. The New York Times.



doned and a government of unity has been formed, bringing together the two major political parties. Paias Wigti, the leader of the People's Democratic Move-ment, remains the prime minister; the

deputy prime minister is Rabbie Namaliu of Pangu Pati. Michael Somare, who led

Pangu Pati for 21 years and was Papua

New Guinea's first prime minister, is the

JOSEPH GABUT.

Charge d'Affaires.

cal stability in Papua New Guinea.

Papua New Guinea Embassy, Brussels.

developed shortness of breath and a persistent hacking cough. But the nico-

tine did give me great pleasure.

The physical effects of smoking, how-

stop. But after many attempts to quit, I

began feeling that there was no way

# So Very Far Off Broadway, 'Les Misérables' Plays Well

By Ilene Barth

this hell I'm living. Now life has killed the dream I dreamed."

Famine, a dying factory worker who has sent away her baby so she could continue working, sings these words in the brilliant musical, "Les Misérables." On a recent afternoon, Randi Graff -Fantine on Broadway — brought her haunting melody to the disabled, the

### MEANWHILE

homeless and the elderly poor in a theater at Manhattan Community College. Seventeen performers took no fee for the free show organized by the Society of Singers and Hospital Audiences Inc. The audience was as rapt as the theatergoers who pay \$50 a ticket, or more, to see the best that New York has to offer.

"There is a castle on a cloud ... No one shouts or talks too loud." This is the fantasy world of Fantine's

work. The gut-wrenching feeling I lived with for months made it difficult to

concentrate on what had to be done. I

sometimes sat at my desk thinking only

of smoking for hours on end. How much

longer, I ask? I am told years and years.

My grandfather died of emphysema.

caused, his doctor said, by smoking two to three packs of cigarettes a day. The last two years of his life he walked with a

small respirator in one hand and a ciga-

rette in the other. His death was inevita-

ble, he said; why suffer withdrawal for

the sake of a few extra days? That deci-

sion guaranteed a few more dollars to

the tobacco industry before his last

DONALD R.SMITH.

Rueschlikon, Switzerland.

breath, or puff, whichever came last.

N EW YORK —"I had a dream my little girl, Cosette, now an orphan ill-used by the innkeeper's family with whom she this hell I'm living. Now life has killed boards. On the Great White Way, Donna

Vivino is in rags as she belts out these poignant lyrics. Last week, in a pretty white dress, she sang her heart out on a stage decorated by a bare backdrop lit variously in pink, blue and purple.

At intermission, Eddie Shaw, 17, chose Cosette's theme as his favorite. "I liked the little girl's song best," he said as his teen-age friends in the Promesa Drug Rehabilitation program in the Bronx nodded in agreement,

"I'm all alone again ... Without a home, without a friend / Without a face to say hello to ... The city goes to bed / And I can hear it inside my head."

This is from "On My Own," sung by Kelli James as the gamine, Eponine, in "Les Miserables." Applause went up a decibel or two last week when Eponine finished her lullaby of loss.

"'On My Own' went right to my heart," said Yolanda Herrera, 27. who had come to the show with other clients of the Fordham-Tremont Com-

munity Health Center. White-haired Bill Rubenstein, a resident of the New Haven Manor Home for Adults in Far Rockaway, couldn't choose. "It's amazing how wonderful they all are," he said with a grand smile that revealed a scarcity of teeth. Not all the tunes echoed the despair

that most in the audience — and many out on the rainy streets of New York that day - might be imagined to share. Medleys of old Irving Berlin and Jule Styne songs wafted through the auditorium, drawing appreciative toe-tapping from many oldsters and applause from most others. A sexy number, "Wrong Keyhole," sang by Janice Pendarvis, inspired whistles of enthusiasm and ardent ap-plause from new admirers, age 16 to 86.

"Home is the best ... God bless the

house I live in / The howdies and handshakes ... The house we call freedom." The veteran musical star Dorothy Loudon, who had done much to persuade some of the city's bright lights to donate their talents, sang this as a lead-in to "America the Beautiful."

Hospital Audiences and the Society of Singers hope to stage the program, "Broadway Babies," again next fall as a benefit to aid both organizations.

Backstage, Miss Loudon gestured to-

ward the departing audience. "We'd like to help our own who've grown old and destitute by building them a home," she said, adding, "The audience response to-day was wonderful, and when you get that kind of warmth, you give it back." I Hugo's "Les Mistrables," Jean Valiers the candlelight of chapity on

jean shines the candlelight of charity on the Paris slums of the early 19th century. A century and half later and an ocean away, Miss Loudon and her comrades are striking matches with their music.

### LETTERS TO THE EDITOR

In Papua New Guinea, Democracy Survives a Tough Test

The opinion column by David Hegarty, "A Testing Time for Papua New Guinea" (Mov. 24) is misleading

The news is that the proposal for a most unbearable. But I gradually be
most of no confidence has been abarmost on the new is that the proposal for a most unbearable. But I gradually be-The opinion column by David Hegarty, "A Testing Time for Papua New Guinea" (May 24), is misleading.

Out damaging the democratic fabric.

The news is that the proposal for a motion of no confidence has been aban-

First, current developments on the political scene in Papua New Guinea are the normal events resulting from a proposal for a motion of no confidence. Since Papua New Guinea gained inde-pendence from Australia in 1975, many motions of no confidence have been proposed. Three of them were successful, resulting in changes of government. The no-confidence mechanism provided by the National Constitution was innew foreign minister. The coming together of the two main political parties puts to tended to safeguard against more desta-bilizing situations. The three smooth rest the so-called "loughest test" to politichanges of government through the no-confidence mechanism testify to the effectiveness of this measure. Papua New Guinea, therefore, is not facing its "toughest test" since independence.

bureancrats. Policy development is an ongoing process; political changes do not cause "virtual paralysis of policy making" in Papua New Guinea.

Third, Papua New Guinea has clear policy on industrialization. Given time and the efforts that are in the content of the content of

and the efforts that are being made, manufacturing and industry will expand.

Fourth, corruption is treated seriously in Papua New Guinea, and every scanus case is screened by the Ombudsman Commission, the courts and other anti-corruption bodies. There are more

Guinea to deal with corruption. Fifth, a military coup in Papua New Guinea is not required. There are sufficient governmental mechanisms to allow political change to take place with cigarettes, began to develop in my sub-

than adequate facilities in Papua New

came aware of the return of my good health. Now, 25 years after quitting, I run daily, fly a hang glider, enjoy my

work and, in short, am really living. To sum up, the worst thing I ever did was to start smoking, and the best thing I ever did was to give it up. Thank you, Mr. Lewis, for compelling me to write.

H.P. AMES.

I started smoking in 1943 when, as the advertisement said, "More doctors smoke Camels than any other cigarette." I was 13. I stopped smoking five years ago after 40 years of puffing.

I had tried many times, sometimes desperately, to quit, but the addiction proved too strong. It took a serious throat problem to finally induce me to give up. But many people I know are unable to quit. There cannot be enough warnings on the dangers of smoking. WALTER J. MURRAY.

Thanks to Anthony Lewis for his tothe-point opinion column. Statements such as those made by Brennan Moran of the Tobacco Institute insult the intelligence of the average reader.

ever, became debilitating. I was both-ered by lung problems, and after 10 years of smoking, I had to give up sports. After 15 years of smoking, I wanted to I was a smoker for 17 years. Several times I quit only to start again. I did not return out of personal choice but out of physical need. On May 13, 1987, I quit for what I hope is the last time. I have had great difficulty continuing with my normal family life and my

### On Japanese Revisionism

Reading your coverage of the recent omments by a Japanese cabinet minister, Siesuke Okuno, on Japan's role in World War II ("Aide Again Minimizes Japan's Wartine Role," May 11), your readers may get the impression there is a strong revisionist trend in Japan.

In fact, the opposite is true. While 41 of the Liberal Democratic Party's 445 Diet members issued a statement in support of Mr. Okuno's views, the number supporting such views would have been much higher 15 years ago. Mr. Okuno's comments are conspicuous precisely because such views are now rare and because they are in stark contrast to the overall positive trend in Japanese-Chinese relations since 1972.

TAKUYA TSUJI.

### **GENERAL NEWS**

### Russum Males Dukakis Meets With Black Leaders and received on the Land In Effort to Build Community Ties . . . . . . . . . the Germanian

By Robin Toner New York Times Service

. . . . . . The shape of the firm BOSTON --- Governor Michael S. Dukakis has tried to signal his sensitivity to the importance of the black vote by meeting with black supporters from around the United States, playing down his differ-ences with the Reverend Jesse L. Jackson and predicting a unified Democratic campaign this fall.

But the meeting Monday also served to underscore the narrowness of Mr. Dukakis's base among black voters, and thus to highlight the importance of his relationship with Mr. Jackson in the weeks to

Of the 70 supporters who attended the conference in Boston, 26 were from Massachusetts, according to a list provided by campaign

In contrast, only two were from Georgia, a state rich in black political leadership, and neither of them were elected officials.

Ernest N. Morial, the former

only nationally known black Dem-

participants had increased, but he

conference, which was closed to the often a lonely undertaking and to press, was said to be upbeat. Particassure them that it would not be press, was said to be upbeat. Particpants said they were confident that Mr. Dukakis's record would play well among black Democrats. Some argued that the prospect of a victory by Vice President George Bush, because of his identification with an administration that is extremely unpopular with blacks, would only intensify the historical loyalty of blacks to the Democratic

For example, Mr. Morial said, "Jesse Jackson is going to do what's in the best interest of his constituency, and the best interest of his constituency is having a Democrat in the White House on Jan. 20, 1989."

The Dukakis campaign largely ceded the black vote to Mr. Jackson for most of the primary season, but recently began to make some mayor of New Orleans, was the careful, carrious moves to reach out more to black Democrats. The ocrat at the conference. Later in the day; a campaign spokesman said that the number of out-of-state maries.

The conference was confined to was unable to furnish an updated blacks who supported Mr. Dukakis this spring, and seemed designed, in part, to thank them for what was

In his private meeting, Mr. Dukakis apparently emphasized his commitment on such issues as affirmative action and promised a growing black presence in the campaign, participants said.

"Very clearly, the presence of black Americans in this campaign is going to have to be expanded, will be expanded," said Charlene Drew Jarvis, a member of the District of Columbia City Council.

Last week, the Dukakis campaign hired Donna Brazile, a respected black organizer who was a senior official in Mr. Jackson's 1984 campaign, and then in Representative Richard A. Gephardt's Attorney General Edwin Meese unsuccessful bid for the nomination this year.

Still, in the view of many politicians, Mr. Dukakis's image among black Democrats will largely be shaped by the course of his relationship with Mr. Jackson.



# **Meese Hints** He May Quit **Before Vote**

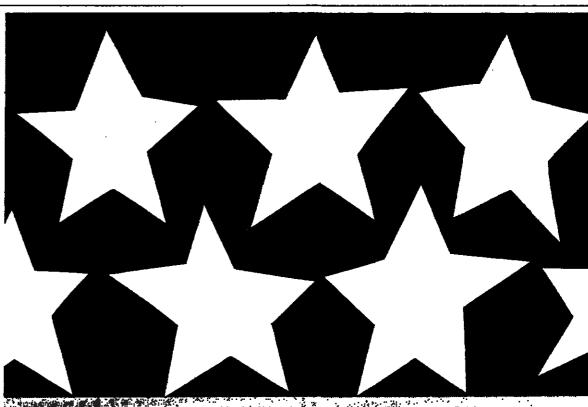
WASHINGTON - Attorney General Edwin Meese 3d says he may resign before the November election, but not before he has a

chance to "set the record straight." Mr. Meese said in an interview on Monday that before he steps aside, he wants to respond to the allegations that have been made against him concerning his ties to scandal-plagued Wedtech Corp. and a \$1 billion Iraqi pipeline pro-

An independent counsel who has been investigating Mr. Meese for the past year is expected to issue a report in several weeks. Mr. Meese is not expected to be indicted but the report will raise questions about his ethical conduct, according to sources familiar with the investigation.

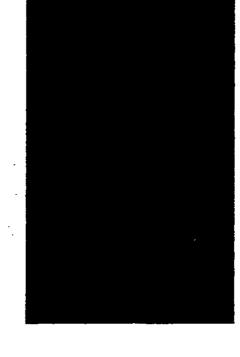
Those questions will be investi-gated by the Justice Department's Office of Professional Responsibility. in an examination that could last for months.

Once he has had an opportunity to respond to the independent counsel's report and "set the record straight," Mr. Meese said, "my own personal plans are going to be the deciding point as to when the proper time is to step down." He said that time could be in Jan. 20, when President Ronald Reagan leaves office, or "sometime before that."



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# **AMERICAN TOPICS**

### Handy Hypocrisies Like 'Let's Do Lunch'

"Let's do hunch" or "We must get together soon" mean, in fact, exactly the opposite, Enid Neary notes in The New York Times. Such remarks "are usually

made by people who can't let well enough alone with a simple 'Goodbye,' she says. There's also no point in getting excited and buying a new wardrobe when the owner of a country house or a ski lodge says, You must come out for a week-

end.'
The reason these invitations that aren't invitations continue is that they're never challenged. No one ever looks the other person in the eye and says When? Chances are if such a commitment were asked for, the reaction would be shock at the boorishness of it all."

Miss Nemy adds, "Another favorite throwsway line is The money isn't important' (or, 'It's not the money), which, you can | nor?"

where the second second second

bet your bottom dollar, means it

But, "to strike a small but happier note, there's a common phrase that doesn't always mean the opposite. Sometimes people say T'll get back to you' and they really do.'

### Short Takes

The navy is studying the possi-bility of making warships, like the stealth aircraft, largely undetect-able by radar, Defense Secretary Frank C. Carincci told the grad-uating class at the U.S. Naval Academy at Annapolis, Maryland. He gave no details of how ships might be built. But he said, "These designs, if successful, could restore the surface combatant to an independent role as a significant strike element of the

Governor Mario M. Cnomo of New York has thus far refused to run for the Democratic presidential nomination. When his wife, Matilda, was asked about this, she said, "Did I want him to run for president? The fact is I befor president? The last is I believe in destiny. I just feel if it's meant someday he should be president, he'll be president. That's it. I'm resigned to that. Who knew he'd ever be gover-

The smoking ban on many commercial flights has had an unhealthy side effect — it snuffed out a simple method for spotting cracks on the after pres-sure bulkhead, a critical structural element in aircraft. Escaping cigarette smoke leaves a tell-tale stain. Mechanics must now rely on much closer visual inspections or electronic means to de-

tect cracks. Two U.S. congressmen, Thomas E. Lewis, Republican of Florida, and Dan Glickman, Democrat of Kansas, have introduced a bill to require the Federal Aviation Administration to conduct research into better detection equipment. If the easiest and most common way to detect leaks is to look for tobacco smoke stains, Mr. Lewis

A poem submitted to the Metropolitan Diary column of The New York Times by L.E. Sha-

said, it is "not very reassuring."

ON ASTROLOGY "What sign were you born under?" The question makes me groan. My usual reply is: 'Quiet. Hospital Zone.' "

Arthur Highee

to U.S. officials.

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administration, frustrated in its efforts to have Ethiopia permit foreign relief operations in the wartorn north, has decided to mount a for Ethiopia have been diverted to groups, according to Mr. Kull. major cross-border program from for Ethiopia have been diverted to neighboring Sudan to feed 2.4 mil-Sudanese ports for the new prolion people facing starvation in re- gram.

An AID spokesman, Bart Kull, bel-held northern areas, according confirmed that 36,466 tons of the The decision seems certain to an- 53,000 tons of food scheduled to be ger the Ethiopian government, shipped to Ethiopia in May, and which declared a state of emergen- another 10,000 tons for June, are cry on May 15 to cope with an being diverted "to other pro-increasing rebel threat in Erittea grams."

and Tigre, established a 10-kilome-ter (6-mile) zone along the Suda-nese border and threatened to ation, he replied, "Who knows?"

U.S. to Send Eritrea Food Across Sudan

Norman Barth of Lutheran or the fuel are available to move World Relief, likely to serve as the this amount or that fighting inside main conduit between AID and the would make it possible.
rebel groups' relief agencies, said
he believes that AID is about to opment director of the ERA-asso-

cross-border operation during the fleet of 250 trucks and 59 trailers, 1984-1985 famine in Ethiopia. It plus 20 others loaned by the Interhas continued to provide small national Committee of the Red nesse border and threatened to bomb anyone caught entering it. In early April, it ordered foreign relief workers to leave those provinces.

U.S. officials disclosed that a team from the Agency for International constituent to provide small amounts of supplies, mostly from damounts of supplies, mostly from damou

Washington Post Service
WASHINGTON — The Reagan administration, frustrated in its efforts to have Ethiopia permit foreign relief operations in the war
They also said the first chiral and service of the first chiral and the first chiral an He expressed doubt that trucks

make a far larger commitment.

Mr. Barth's organization was involved in a similar AID-backed,

12,000 tons a month. She cited its

# U.S., at UN Talks, Seeks Third-World Arms Cuts

By Paul Lewis

Western affies will seek a piedge by developing countries to cut military

World that the Reagan administra— The meeting will be addressed by tion is ready to challenge them at President Mohammed Zia ul-Haq the four-week special session if of Pakistan and Prime Minister Rathery try to use the meeting to critical and the UN sesting to critical and the UN session of the second session is the western aim at the UN session is the meeting to critical and the UN session is the meeting to critical and the UN session is the western aim at the UN session is the western

armament session, which opened veloping nuclear bombs.

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while President Ronald Reagan President Najib of Afghanistan. New York Times Service and Mikhail S. Gorbachev, the So-whose Soviet-supplied forces are UNITED NATIONS. New viet leader, were holding talks in battling guerrillas largely supplied York — The United States and Moscow that included issues of by the United States, is also sched-

Many leaders from Third World spending, as part of a consensus on spending, as part of a consensus on nating themselves as nonangued disarmament at a special session of the General Assembly that opened to military buildups. They may abroad substantially this year, to more than \$15 billion. This would be a substantially this year. Diplomats here say that U.S. envoys have warned governments in pressure to extend disarmament to the Saviet bloom of the developing and desired and the developing and deve the developing world.

they try to use the meeting to criti- jiv Gandhi of India. Both those sion is to get world support for a cize U.S. military and arms-control countries refuse to renounce nucle- gradual reduction in nuclear arsear weapons by signing the Nuclear nals and an emphasis on strict mea-Twenty-five heads of state or Nonproliferation Treaty, and they sures for verification. The declaraIf have been fought on the territory government are to speak at the disare widely suspected of secretly detion sought by the West would also of developing countries, and most

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wed to speak.

The appeal for arms reductions

emphasize cuts in conventional ly by developing nations.

gotiate a ban on chemical weapons diplomats say.

The stress on reducing conven. tional weapons, Western officials ." say, reflects in part a belief by the North Atlantic Treaty Organiza tion that any further cuts in nuclear arsenals should be linked to reductions in the Warsaw Pact's numerical superiority in conventional arms and forces. NATO and the Warsaw Pact are to open new talks on conventional forces in Europe later this year.

The United States and its allies stress that high arms spending retards economic development. They note that the wars since World War

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# 32 With Europe The World's Rendezvous

**Opinion** / Pan-European Trends

**ADVERTISING SECTION** 

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# **Airline Deregulation: Prospects and Priorities**

regime is a powerful incentive for massive structural change in European air transport. This is already transforming airline plans and operations. The emerging scenario for 1992 suggests that, as the restructuring accelerates, competition, concentration and congestion will become the dominant issues of the day.

By 1992 there will be more airline competition in Europe than ever before. As government market controls on entry, capacity and tariffs are relaxed and EC competition rules applied, more national airlines will offer more competing products and prices, instead of the standardized tariffs they currently offer. Experience on routes between the U.K. and ireland and the U.K. and Netherlands shows the dra-

Key issues are competition, concentration, congestion

matic fare reductions that can be achieved when hungry new entrants like Ryan Air and British Midland are allowed into protected markets.

Today's charter airlines, which already carry almost half the people flying within Europe, will have expanded their horizons into traditional scheduled markets as low-fare alternatives for both business and leisure travelers. These carriers are well organized, have tight cost structures and modern equipment. Air Europe is already demonstrating the market potential of such an operation with fares well below established scheduled levels to a variety of points out of London.

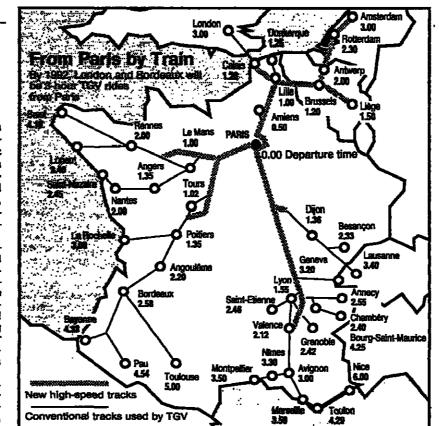
A new breed of low-cost, U.S. "mega airlines" - American, Delta, Northwest - with massive domestic traffic feed and incredibly effective supercomputer reservation and distribu-

The prospect of a single EC market petition in Atlantic markets and on with a liberal, pro-competitive aviation their embryonic European route networks. Similarly, in Asian and Pacific markets, where the strongest growth is predicted, there is a core of powerful, highly efficient, service-oriented competitors. Airlines like Singapore. Cathay and Thai serve many European destinations and have much greater aspirations.

The large national airlines are reorganizing to enhance European and global competitiveness while consolidating their positions in home markets. By 1992 the majority of these airlines will be privatized and the remainder will have greatly reduced government shareholding, providing greater flexibility to operate like other international enterprises. British Airways has already shown as much in its actions to acquire British Caledonian.

Many national airlines will have absorbed the rapidly expanding, smaller regional carriers, particularly in their home states. Most will be locked into joint marketing and operational ar-rangements with other large airlines inside and outside Europe - forerunners of closer tormal consolidation. Some, who see particular weakness in their long-term market position, will already be attempting full-scale, transborder merger, grappling with the in-herent political, legal and social problems involved.

All will be partners in the two supercomputer reservation "combines," Galileo and Amadeus, recently established to distribute travel products throughout Europe and the rest of the world. It is evident that in a liberalized world of constantly changing schedules, products and prices, information managment and transmission to the market will be keys to financial survival. The new systems are powerful enough to handle the information and



Green Light for TGV, ICE Systems

years away.

back to the Gare du Nord where he

boards another aerodynamic train. It

whizzes through northern France at

300 km/h leaving the young man with

only a blurred impression of the city of

Lille before zooming through the

Channel tunnel. A little over three

hours after the departure from Paris

the train pulls smoothly into London's

Waterloo station. Heathrow Airport,

covered with thick fog, seems light-

futuristic novel could become reality

in the next few years if Europe's trans-

What sounds like a passage from a

High-Speed Trains / Network 2000

A well-dressed young German ex-ecutive boards a white train with aero-

dynamic snout nose at Cologne cen-

tral station and settles into a

comfortable window seat. While the

train whizzes smoothly toward the

French border, he hears little more than a rush of wind from the outside

world as trees, fields and grazing

cows flash by. Three hours later he arrives at the Gare du Nord in Paris for

Business is done over a few glasses

lunch with an associate.

### Interview / Carlos Van Rafelghem, chairman of Sabena

# **Airline Mergers Expected** As Market Opens Up

Sabena, Belglum's national airline, outlined his views on airline deregulation in Western Europe, and other topics. The interview, which took place in Brussels, was conducted by Axel Krause, corporate editor of the International Herald Tribune. Following are excerpts from the interview:

What will be the economic impact of

airline deregulation?
There is little doubt that traffic flow between EC countries will grow. There is great potential to be developed, but we and others are limited by access to smaller European countries. We do not have the traffic rights, which are based on bilateral agreements.

Does the prospect of new, highspeed railroads in Europe concern

vou? I am absolutely certain they are coming. It is not a happy situation, because there will be new, harsh competition. The forces behind the new trains are strong, too, such as the

port ministers agree on the financing

of the European high-speed rail link.

As the plan stands, a line between

Paris, Brussels and Cologne with a

connection to Amsterdam is to form

the nucleus of the new high-speed

network which - sometime after the

year 2000 - could stretch from Osio

to Madrid, Edinburgh to Vienna,

the speed of a plane, that's our slo-

gan," says Fridolin Schell, spokesman

Twice the speed of a car and half

Frankfurt to London.

Channel tunnel, and it is clear they will be cheaper, particularly for shorter stretches of between 400 and 500 kilometers. But if you want these extrarapid trains, you have to have the place to install them

Where is the problem? The environment, and the environmentalists who will be raising heli. There will be resistance as these new trains are built, because most people do not realize what this new expansion of railroads will mean in terms of affecting the environment.

How can airline planners react? When talking about the same distances, we should have more shuttle lines and shuttle airports. We won't be able to compete afterwards, and therefore, these networks will have to be created soon. Shuttle systems can also be established with existing air-

Jan Carlzon of Scandinavian Airlines System said in a recent interview that Europe will have to develop at least one "mega-carrier" to compete with the U.S. in handling international

traffic. Do you agree? I do not share that point of view. I am sure there will be more mergers. The first will come within a European country, followed by those across borders. The real issue is finding a

formula. What is your concept? Concentration, integration, but without being absorbed, and creation of a common subsidiary.

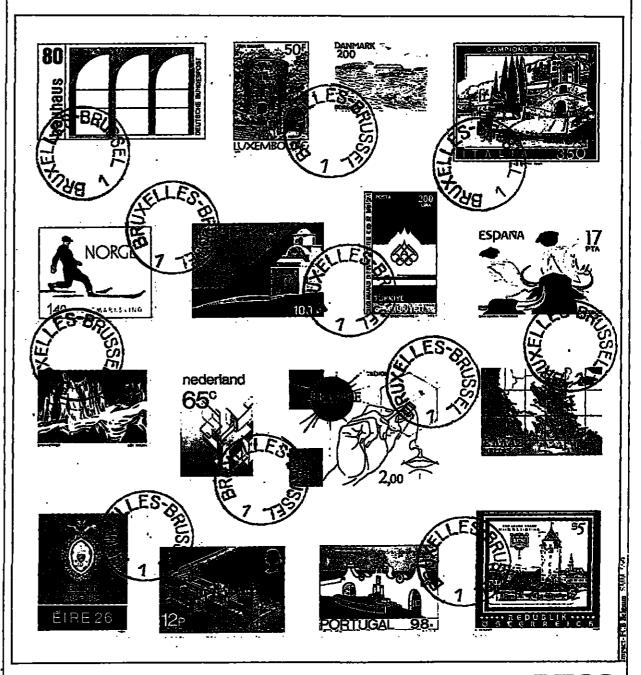
Isn't that what Mr. Carlzon proposed to Sabena prior to the failure of your merger talks late last year?

I am amazed to hear that. The answer is no. SAS proposed exactly the opposite. He wanted us to come to SAS. That's the reason the proposal was refused.

In a 1975 study, McKinsey, the See Interview, page 10

See High-Speed Trains, page 9

# of red Bordeaux and a delicious entre-See Opinion, page 8 cote. After lunch the executive heads tion systems will provide tough command the action was BELGIAN WORLD AIRLINES **aerospatiale** RHÔNE-POULENC THE EUROPEAN



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Toward a European A

Toward a European Air Traffic Control System

By the end of this century, predicted the officials in Frankfurt, Rhein-Main airport should be serving 23 million passengers a year. Those 23 million, however, showed up 13 years early.

Faced with this unexpected 14 percent increase from 1986, officials revised their estimate. They now expect 32 million passengers by the year 2000 – and they're wondering where to put them all.

it's not an unusual problem among Europe's main alrorts. "We are already at passenger-traffic levels forecasted for 1992, and traffic will double again by the year 2000," says Karl-Heinz Neumeister, secretary general of the Association of European Airlines

The AEA reports that the runways and terminals at Stuttgart and Barce-

Problems are compounded by the EC's drive to deregulate

lona are already saturated, while the terminals in Lyon, Lisbon and Oslo are badly overcrowded.

In addition, the AEA report predicts that many more airports are approaching their maximum capacity for passengers, planes or both. Overcrowded runways are regarded as the most serious problem. "Airplanes landing and taking off cannot be squeezed together to the same degree as passengers in terminal buildings," the AEA notes.

The trend reflects a worldwide increase in air traffic — which rose by 13 percent in 1987 and is expected to grow a further 6-8 percent this year.

"We cannot overlook the mounting problem of air congestion in the air lanes and at airports, which will create delays as the system seeks to adapt to the growing traffic volumes," says Gunter Eser, director general of the International Air Transport Association in Geneva.

The problems are compounded by the prospect of more flights and more passengers arriving as airlines offer new routes and lower prices under the European Community's drive to deregulate the industry. West Germany is especially prone to air traffic problems because much of its air space is



Karl-Heinz Neumeister: "Traffic will double by the year 2000."

reserved for NATO air bases and so is out of bounds to civilian aircraft.

At the new London City Airport, flights to and from Paris were temporarily suspended after pilots complained about a series of near-colli-

sions last year.

Alongside these air traffic concerns, airlines' punctuality records also sufter. Delays are caused because there are too many planes jammed together—not only waiting to land, but also waiting to take off.

Lufthansa, whose reputation has been largely built on its appeal to the time-conscious West German business traveler, says its record for ontime arrivals had dropped from 95 percent to 88 percent since 1982.

In 1987, the airline complains, its planes spent 5,200 hours waiting to land at Munich, Dusseldorf and Frankfurt. This is more than twice the amount of time lost during 1986.

The obvious answer is to build new airports. At the moment, however, airports are being built in only three major cities around the world: Denver, Osaka and Munich. The new airport in Munich is already expected to be over capacity by the time it opens in 1991.

Another possible solution is to ex-

tend airports' operating hours. Brit-

ain's Department of Transportation is considering 24-hour service at London's Gatwick and Heathrow airports, but union leaders are opposed.

Lufthansa also suggests introducing a Europe-wide air traffic control system. The EC tried to promote such a system, Eurocontrol, but after years of reluctance among member countries, it still has only one control tower, in Maastricht, and is limited to the air space over Belgium, the Netherlands and northern West Germany.

As a Lufthansa spokesman points out: "Market forces cannot produce a solution on their own. Political action is required."

"Unless action is taken, the frequency and magnitude of delays could start to disrupt the operational cycles of airline services, especially charter operations," warns a new report by Britain's Civil Aviation Author-

To deal with air traffic congestion in Britain, the CAA suggests that airlines use bigger planes and operate fewer flights or divert some traffic away from Heathrow. But these are only small proposals in what is becoming a massive, and in many ways, unpredictable industry.

- Timothy Harper

Opinion / Pan-European Trends

# **Airline Prospects and Priorities**

Continued from page 7

versatile enough to make travel agency operations easier. They earn largescale revenues for their owners and allow them to maintain a strong position in the marketplace.

The constraints of Europe's airports and airways are, however, a major impediment to market expansion. Industry forecasts suggest that by 1992, some 40 percent of Europe's airports will be operating at full runway and terminal capacity. Moreover, Eurocontrol's forecasted traffic levels for that period have almost already been reached.

Unless drastic action is taken to in-

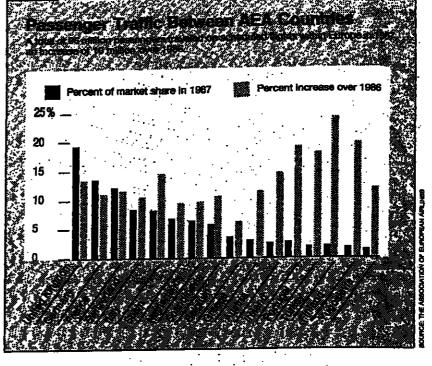
crease runway use, to expand terminals and to extend air traffic control capabilities, by 1992 Europe's skies will be dangerously overcrowded, delays will mount and airports will fill up. Safety and service will suffer.

Congestion will not only frustrate liberalization plans, it could also contribute to market distortion. Where landing slots are limited, new entrants may simply never get the opportunity to establish market presence.

The EC has already made significant strides toward a liberal air transport regime in its 1987 Council Decision. Bilateral regulations have been relaxed between EC states to let new entrants onto some mainline and regional routes, to allow some extra frequencies and to encourage discount fares. Competition rules are applied, albeit with numerous exceptions.

Scarcely dramatic changes, but it is, after all, a compromise between 12 states with diverses attitudes to competition, whose economies are affected differently, whose airlines have differing abilities to compete and who are all reluctant to transfer too much sovereign responsibility to the EC. It's very much a first step, with a further round of liberalization planned for 1990 in preparation for the single market.

Against this background, what new priorities might realistically encourage the freer play of market forces and ensure sound system development? Firstly, there must be a new focus on operational issues. Concerns about congestion and the impact on safety and service must be allayed. An EC



program is needed to augment safety levels in tight of the increased flying activity, different operational patterns and cost pressures brought about by fiberalization. Similarly, a community plan is required to expand congested airports and free up bottlenecks in the air traffic control network. An agency already exists which could coordinate national air traffic flows — Eurocontrol. It should be given the job.

Secondly, reduction in market controls must continue. There should be automatic market entry for Community airlines — scheduled or charter — reflecting the right of establishment contained in the Treaty of Rome. Government intervention in respect of capacity should be dropped to a minimum level to protect vital national interests or to prevent market domination and dumping. Increased pricing flexibility should be encouraged for business as well as leisure fares.

Thirdly, the use of the competition rules must be increased. State aids to airlines have to be controlled. Mergers have to be encouraged where they enhance competition and limited

where they have the opposite effect. Computer reservation systems must not be allowed to support market domination. Any exceptions should be fully justified on public interest grounds.

These are the priorities. There will be an increasing number of other important issues emerging as the Commission seeks to apply all EC economic, fiscal and operational regulations to aviation. VAT on air fares, elimination of duty free shops at airports and exchange of "domestic" community route rights with the United States are all the current vogue. Over time, such concepts will undoubtedly be introduced. In the 1992 time frame, however, countries are unlikely to accept a fully domestic EC market in air transport. It is simply too big a step to expect so quickly and there's too much sovereignty and national interest at stake. But times are changing rapidly and by 1992, if the new priorities are followed, the stage should be set for a smooth transition to a barrier-

- Geoffrey Lipman

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# The World's Rendezvous Viti Europe

High-Speed Trains / Network 2000

# **EC Chooses Rail System**

Continued from page 7

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Geoffrey Lipman

public interest

for West Germany's national rail service, the Deutsche Bundesbahn.

On May 1 the Bundesbahn demonstrated its Intercity Experimental (ICE) - which will be called intercity Express when it takes up regular service - by setting a new German rail speed record of 407 km/h (253 mph). The ICE, which has one locomotive at the front, a second at the back and up to 14 carriages in between, was built by a consortium consisting of Krupp, BBC, Siemens, AEG and Kraus-Meftei. West Germany is currently building two high-speed rail lines; one between Hanover and Würzburg and a second between Mannheim and Stuttgart. Both are scheduled to be fin-

But the real pioneers in high-speed rail travel were the French. Their TGV (train à grande vitesse) was the

For now, trains will keep their wheels on the ground

world's fastest train when it entered service in 1981 on a first segment of the so-called Paris-Southeast route between Paris and Lyon.

Today the 512-kilometer journey from Paris to Lyon takes only 2 hours on the TGV as opposed to 6 hours and

10 minutes on a regular intercity. Meanwhile, the French national railway SNCF is building a second high-speed line, the so-called Atlantic line, which will connect the western part of France with Paris. The first stretch between Paris and Le Mains is scheduled to be completed in 1989. This line could be extended into a high-speed link between Paris and Madrid via Bor-

deaux and San Sebastian. The third French high-speed line, called TGV Nord and still in the planning stage, will join the Channel tunnel France to the high-speed network linking Paris, Brussels, Cologne and

Trains running at 300 km/h will complete the journey from London to Brussels in just three hours. And with a British high-speed line between Folkestone and Waterloo the journey from London to Paris could take a matchless two and a half hours. But such a line is unlikely to be built soon,

Before various national high-speed connections and projects can be linked, the European transport ministers have to reach final agreement on the financing of the nucleus line between Paris, Brussels and Cologne.

The line was supposed to be finished in the mid-1990s but I think this date is no longer realistic," says Bundesbahn spokesman Schell.

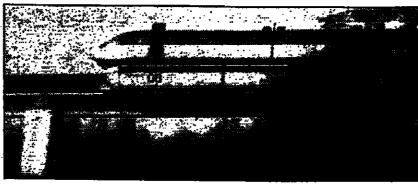
At a meeting in Brussels on April 11, the transport ministers of France, West Germany, the Netherlands, Belgium, Britain and Luxembourg reached final agreement on the technical details: the European highspeed trains of the 1990s will run on steel rails on the ground. An alternative plan - to connect the four European cities with a magnetic levitation train running on a concrete track raised on stilts - turned out to be too expensive.

Instead the ministers laid down the technical specifications for a train that will keep its wheels on the ground and run at a speed of 250 km/h to 270 km/h. The new European trains will also be able to run across national frontiers without having to change locomotives and adapt to a different

voltage at every border. The consortium that built Germany's magnetic levitation train - the Transrapid — is not too happy with the European transport ministers' decision. But Reinhard Forst-Lürken of the transport technology department at Thyssen-Henschel admits that the initial cost of setting up a magnetic levitation train may have deterred the

Thyssen-Henschel is one of the partners in the Transrapid consortium led by German aerospace firm Mes-serschmitt-Boelkow-Blohm. "The Transrapid was built for long-distance, across-border travel, it travels at 400 km/h and has to be used on long-distance connections to be economical," says Mr. Forst-Lürken. Thus the consortium will continue to lobby for the magnetic levitation concept in Europe wherever and whenever decisions about new transport sys-

terns and connections are made. While the six European transport



The Transrapid is supported by magnetic levitation.

ministers have agreed on the technical details, the sticky issue of financing the new European high-speed rail network still has to be settled. Studies show that the cost of improving the rail infrastructure will be the highest in Belgium, yet Belgium is mainly used as a transit country in the new European high-speed link. There will be a stop in Brussels but the demand for high-speed rail travel inside Belgium does not justify the huge expenses involved. Therefore the other participating nations have to share part of the financial burden. It is estimated that the link between Parls, Brussels, Cologne and Amsterdam will cost a total of \$3.2 billion.

Later, when Britain is to be linked with the continent via the Channel tun-

Will the transport industry create the

greatest snag in the smooth flow of goods within the European Communi-

ty, targeted for 1992? It seems likely,

unless a solution is found to the major

dispute which has emerged at the

Germany, the only EC member to op-pose the projected liberalization of the

industy which will allow community

truckers to move freely within EC bor-

ders by 1992. The liberalization pack-

age also proposes to open national

markets completely to haulers from

Today, more than half of EC truck-

ing is restricted by bilateral agree-

ments on haulage permits, which are

scheduled to be abolished. Domestic

routes are jealously guarded, ruled by

Rather than have bilateral agree-

ments dropped at once, Bonn would

like to see competition gradually in-

creased. But German Transport Minis-

ter Jürgen Warnke has been unable to

other EC nations.

domestic companie

At the center of the dispute is West

heart of the EC's trucking industry.

nel - which is scheduled to be completed in the mid-1990s - yet another problem has to be solved. Railwa rails are the same distance apart in Britain and France. But the width and height of continental rolling stock are greater. This means that a special, narrow train must be built to run through the Channel tunnel to Britain.

"I hope that we can get the Paris, Brussels, Cologne, Amsterdam route on the rails by the year 2000," Schell says. By then 16 years will have passed since transport ministers from France, West Germany and Belgium enthusiastically announced that they had agreed to take the European highspeed rail link into the stage of detailed research.

- Sabine Krueger

**News** / The Countdown Continues

# Polyglot? Not Entirely

 Linguistic deficiencies are more widespread throughout the EC than had been generally believed, according to a recent poll by the Commission's communications department. It showed that a surprising 66 percent of EC citizens speak only one language; less than 25 percent speak two, while only 8 percent are trilingual. The socalled "uni-tongue" countries include Britain, Ireland and Portugal, while the Netherlands, Denmark and Luxembourg score highest in language ability.

 West German Economics Minister Martin Bangemann has confirmed that he will resign shortly and seek a slot on the new 17-member EC Commission, whose term ends at the end of this year. However, sources in Brussels and Parls strongly discounted reports that he will challenge Jacques Delors for the EC Commission Presidency. That would immediately trigger a heated debate at the EC summit meeting in Hannover at the end of June, which no one wants - least of all German Chancellor Helmut Kohl, who will be the host.

• Spain's insurance industry is the EC's least developed, but growing fastest, and is attracting a rapidly growing number of foreign insurance companies that already control 50 percent of the market. According to a survey of the European insurance in-dustry published May 21 by Le Monde, the daily French newspaper, growth of life insurance - long considered a luxury by Spaniards - has been transformed into "an explosion." The largest Spanish insurance company, l'Union y El Fenix Espanol, has only 14 percent of the domestic market.

Trucking / Discrepancies in Taxation Level

# The German Dilemma

convince the EC to raise the number of pemits by 40 percent annually. On May 24, he met with EC officials in an attempt to break the deadlock.

West Germany is also pushing for greater standardization and harmonization in EC trucking laws; existing rules in the 12 member states vary radically. West Germany argues that fair competition is impossible under existing conditions, with each country having its own taxation level on road use and fuel, and varying standards for drivers' mandatory rest periods.

Werner Gockeln, policy director of the German Trucking Association, claims that half of his nation's 9,000 trucking companies will be endangered if major changes are not made. The focus of the conflict is the Dutch-German border. Although more trucking is conducted between the two nations than between any other EC trade partners, only 28 percent of Dutch-German hauled trade is

moved by German companies.
The Germans argue that they have cost disadvantages. At DM 10,500 (\$6,176) annually per 40-metric ton trucks, German vehicle tax is more than three times the Dutch equivalent and German fuel taxes are more than twice as high, according to the Association. "A Dutch company must pay the same taxes or the competition is unfairly distorted," Mr. Gockeln said.

Operating a 28-ton truck in Germany costs about DM 214,000 per year, or 8.1 percent to 9.2 percent more than in the Netherlands, according to a study prepared by Prognos AG, the Swiss business research company.

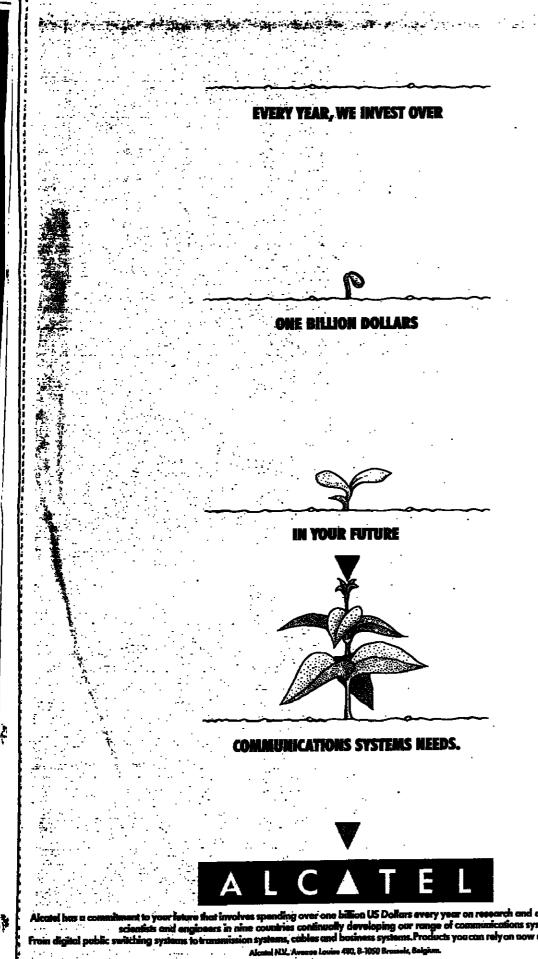
But a study released in May by the Netherlands Center for Transportation Research, Training and Consultancy Services claimed the Dutch advantage amounted to only 1 percent.

"The vehicle taxes in Germany are higher, but our wages and social benefits are higher. There is no reason to fear unfair competition," explained Robert Tekke of the Organization for Dutch International Road Haulage.

One suggested solution to the conflict concerns road-use taxes, which the EC would like to base on territoriality rather than nationality. This means truckers would pay taxes in the nation where they haul goods rather than where their vehicles are registered.

Germany is also considering charging trucks to use its highways and, in efforts to harmonize EC trucking costs, might even charge domestic haulers less than foreign competitors. Following that route would be sure to cause an even greater outcry among EC truckers.

- Erich E. Toll



# Where can a Spanish businessman turn to break the language barrier?

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High-Tech / The Aerospace Industry

# **Collaborative Ventures Encourage Development**

France's state-controlled aerospace manufacturers, agree that a barrier-tree and united Europe could boost defense, space and aircraft programs and markets.

There is already an impressive increase in pan-European military and space programs. Space alliances include the Ariane 5 launcher designed for missions in the 21st century, the Hermès European space plane scheduled for launch in the late 1990s and the Colombus station.

The current litany of pan-European success stories includes the Airbus commercial jet program and consortia with intriguing names such as Euromissile, Eurofighter and Eurosatellite. Such collaborative projects can cost more in the short run, but participants

Airbus, McDonnell Douglas to meet again in June

contend the benefits outweigh the obstacles in their high-tech, high-priced industry.

Aérospatiale generates over 60 percent of its revenue through international collaborative ventures and two thirds of its consolidated revenue of 31.36 billion francs in export markets.

The company is currently underscoring its relationship with German counterpart Messerschmidt-Boelkow-Blohm (MBB). The two firms are participating in over 40 joint civil, military and space programs, and 50 percent of Aérospatiale's collaborative agreements involve Munich-based MBB.

"We will undoubtedly increase collaboration with MBB because of the



FIG.1

two countries, our preferential relationship after working together for a quarter century and the close personal friendship between our two chairmen." explained Yves Michot, a managing director at Aérospatiale. "But we may also increasingly work with Italians, Britons, Americans and other nationalities on a project-by-project basis because development costs of many programs continue to increase

Aérospatiale and Aeritalia, its Italian counterpart, are collaborating on the expanding ATR family of turboprop regional planes, missiles and satellites, and the French multinational has agreements with Australian, Canadian, Chinese and Korean firms.

A major production, technological and marketing alliance could be created between Airbus Industry - a fournation (France, Spain, West Germany and the United Kingdom) risk-sharing consortium with an estimated 25 percent of the commercial jet market and United States aircraft manufacturer McDonnell Douglas Corporation.

Airbus, which is under attack for receiving massive government subsidies since the early 1970s, is Aérospatiale's most important civil project. "1992 should enable us to expand

commercial agreements and technical exchanges with other European nations, while deregulation should increase the market for commuter and other transport aircraft," explained Jacques Plenier, managing director of Aérospatiale's aircraft group.

"The program would be greatly facilitated by an agreement with McDonnell Douglas, which would permit Airbus to modify its commercial strategy for civil aviation," added Mr. Plenier, noting that Airbus and McDonnell Douglas will meet again in June.

Two aircraft could result from the future relationship: one in the 100-seat category and a jumbo jet with a capacity of over 350 passengers. Delays in any agreement will benefit Boeing Co.,



Ariane 4 at Les Mureaux.

the jet market's leader, which has a substantial share of the world commercial aircraft market.

Aérospatiale allocates ten percent of its sales revenue to research and development. Its high-tech drawing board includes plans for hypersonic aircraft, often referred to as "Super Concordes," including its own "avion à grande vitesse" (high speed aircraft) and a program undertaken in concert with twenty other companies on the hypersonic AST 2000.

Such collaboration is far from heralding an end to competition. But it definitely reduces the number of industrial competitors in different sec-

"Every company would like to create the type of collaboration which completely dominates, then eliminates, the competition," concluded Yves Michot. "But the stronger, more powerful consortia resulting from collaborative efforts intensity competition and encourage development, rather than providing a particular company with a monopoly.

Joel Stratte-McClure

Interview / Carlos van Rafelghem, chairman of Sabena

# Mergers Expected as Market Opens

Continued from page 7

American consulting firm, concluded that the best answer for you was to merge with KLM and Luxair, establishing a Benefux airline. Why did it fail to

It didn't work for political and other reasons. The most important was that KLM and Sabena would have had to reduce their personnel by 2,700, most of them with Sabena. For the unions, this was unacceptable. But in 1982, we did it and about 2,000 people left the company.

Is the idea of a Benelux airline

No. The idea has not disappeared. We understand that SAS has begun talking with the Dutch. And we are talking with other airlines. But we need to move quickly, or we will be encircled by the others. And the criteria would be similar size and character. That is why I mention Luxair, which is very small, Sabena and Swissair.

Aren't the Austrians, the Scandinavians and the Swiss trying to find a way of joining the EC for fear of being excluded as 1992 approaches?

SAS, which is Swedish, and the others clearly want to have a foot in the European house. Therefore, they want a kind of connection with a member state airline. Swissair could look at an association with Alitalia, and I do not see this as impossible.

Will EC efforts to deregulate its airline industry eventually resemble American-style deregulation?

Deregulation in Europe will come, but it won't be in the American style, because it cannot be, and we do not have to cry about it. Americans started with a large number of airlines, but wound up with six mega-carriers controlling 90 to 95 percent of the market.

But aren't the Southern European airlines, such as Alitalia, Iberia and Olympic, resisting deregulation, thus reating a North-South split?

The crack is showing. But what is important in European affairs is the French-German axis. The Germans currently head our association of European airlines and I was very encouraged to hear the president of Lufthansa plead for intensifying cooperation with the Commission.

Reduce fares. We will have to come down with our fares in Europe, but this will take time. I am very optimistic about the Commission's efforts to

press deregulation and, in particular. to stop subsidies and the use of companies as political instruments. A serious, longer-range problem The state of the s

facing airlines throughout Europe is congestion. Is there a solution? We need to reconsider the problem of corridors over Europe. Yet, congestion in Brussels, for example, is not at the level where it cannot be solved. It

is clear that, everywhere in Europe, we

must have better-trained air control-

How realistic are plans for developing hypersonic passenger jets that could fly ten times the speed of

sound? Will there be enough passengers willing to pay the premium to fly at Mach 5 or Mach 6, or faster? Such a project would have to be profitable. Development for the foreseeable future, I believe, will come from improvements of existing planes.

Comment / Community and Its Neighbors

# The Extension of Airline Policies

In December 1987 the European Community airline industry redefined the rules for its airline industries. The package of measures allowed for the relaxation of pricing controls and progressive reduction of capacity constraints, while encouraging free access to markets through multiple signation and regional services. Moreover, it included provisions for a revised agreement in 1990 that should steer air transport toward the new barrier-free Community market sched-

Yet the Europe of the twelve Community countries is only one part of the continent. Leaving aside the countries of the Eastern Bloc, ten other

countries are members of the wider European Civil Aviation Conference. it is highly desirable that air transport liberalization be, if not Europe-wide, at least ECAC-wide. The best solution would be if member states of ECAC also set 1992 as the target date for the implementation of ECAC multilateral air transport policies.

There are, however, some major obstacles to the achievement of this simple-sounding objective. The first is the resistance of those Community countries which accepted the December 1987 package but insisted upon preferential provisions. This "two-speed" approach to liberalization within the Community has been apparent throughout many years of negotiations on air transport policy in Brus-

The December 1987 agreement was only achieved by making exceptions

Some EC countries oppose accords with non-members

for some of the more reluctant liberalizers. These concessions are most clearly reflected in the terms of the which lists the exceptions made in the multilateral authorization of new regional services. These exceptions cover a number of airports in Denmark, Greece, Italy and Spain. Together with Portugal, they have urged caution in the implementation of more

These five "conservative" countries may well be joined by France in opposing an ECAC-wide multilateral agreement. The governments of France and Italy are understood to be opposed to an interesting new Commission proposal to negotiate "special neighbor" agreements with Switzerland and Austria, and possibly Yugo-

The opposition of France and Italy is said to be based on the proposition that membership privileges should not be extended to countries which are unwilling to accept the obligations of joining the Community. This entirely laudable principle overlooks the fact that the whole European air transport industry would benefit from a more liberalized market.

Similar opposition is likely to be encountered if EC air transport policies are extended to the whole of ECAC. The "conservative" EC countries could argue that countries like Norway, Sweden, Finland, Iceland and Turkey should be regarded as faraway places of little importance to the main flows of intra-European air traf-

41

There is, therefore, a real danger 1:12° that European air transport liberalization will break up into four separate levels of policy development. In the first place the Community itself may remain split into its two different 'speed of implementation" groups, with Denmark, Greece, Italy, Spain and Portugal entrenched in conservative positions during the 1989/1990 negotiations for post-1992 liberal tion. At the same time, an extension of EC liberalization into the wider area of ECAC-Europe may be thwarted by Franco-Italian opposition to "special neighbor" agreements or by more widespread opposition to a multilateral ECAC agreement compatible with EC policies.

It must be hoped that the new pollcies now agreed upon by the Commu-nity will come to be recognized as offering real advantages, for both the airlines and the traveling public, and that the benefits of more effective airline competition will be fully demonstrated in the years immediately ahead.

- Stephen Wheatcroft

Freight / Winner Take All

# Unloading the Red Tape

The dropping of European trade barriers in 1992 should be a boon for the freight transport industry: red tape will be reduced, thus speeding up shipments and cutting rates, while increased demand will act as an overall

A European Parliament study estimated that reduced red tape and waiting times at EC borders alone could cut EC freight costs by \$7.5 billion

In addition, it is hoped that the internal market will streamline EC transport, currently "a sleepy giant and much less efficient than it should be," according to Martin Pearce, chairman of the transport working group of the UNICE, the association of European industrial organizations.

As transporters are allowed to compete in each others' markets, pressure

Less waiting and paperwork means billions in savings

will build to offer cheaper, better transport. "There will be more competition and the service will be more attractive," said Rainer Butz, general manager of continental cargo and air mail for the West German airline Lufthansa.

Electronic communications equipment will increasingly be used to speed up service and improve capacity utilization. Currently up to 40 percent of trucks on EC highways return to their destinations empty, boosting costs and decreasing efficiency, according to the Geneva-based Interna-

EC airfreight will also expand. though less quickly than overseas air-

tional Road Transport Union.

freight, partly because the continent's size is better suited to trucking and rail. Lufthansa, the world's largest carrier of international airfreight, expects its intercontinental airfreight to grow 15 percent annually, but only 5 to 10 percent in Europe.
Combined road/rail traffic in Europe grew 5.7 percent to 884,000 ship-

ments in 1987, and is likely to continue growing, particularly in the Alps where political pressure is being applied to reduce the increasing amount of tran-sit truck traffic. The Channel tunnel will also be a focal point of road/rall travel. But rail-

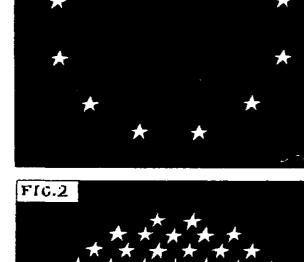
way operators will have to cut prices and speed up service to convince truckers throughout Europe to ride Although the internal market will

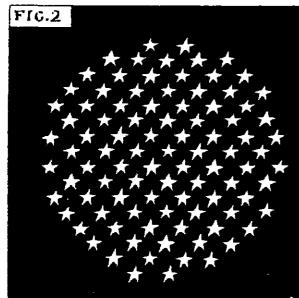
have little effect on maritime transport, whose share of EC transport has stagnated or declined for years, the EC could help its shipowners regain competitiveness through the creation of a European ship registry.
Such a registry, which the EC has

been contemplating for years, would allow EC shippers to hire cheaper, foreign crews while flying a European flag. EC members France, Britain and Holland already have similar registries, while Germany, Denmark, Luxembourg and Portugal are consider-

Competition between seaports will increase, as domestic markets melt into a single EC hinterland, and manufacturers feel less compelled to use domestic ports. Rotterdam, the EC's biggest port, aiready handles as much German cargo as Germany's two largest ports - Hamburg and Bremen combined.

- Erich E. Toll





THE WAY YOU SEE EUROPE

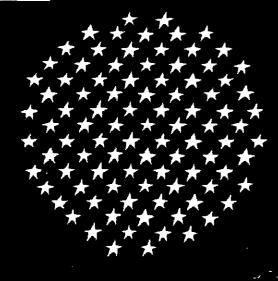
DEPENDS ON WHO YOU ARE.

From the outside, Europe can be seen simply as an emerging political entity

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# 7 The World's Rendezvous With Europe

Airline Service / Competive Market Trends

# **Europe Facilitates New Routes, Discount Rates**

The first steps toward liberalizing Europe's air industry were taken when new regulations went into effect on January 1. The new rules give airlines more power to cut fares and begin new routes without government approval. Consequently, the EC predicts, increased competition between airlines should provide travelers with greater freedom of choice; fares could, by some estimates, fall by 10-20 percent.

Many of the common restrictions on discount and promotional fares have effectively been outlawed. A prime example is the "Safurday night stay" restriction. Certain governments imposed this condition to protect their national carriers. But under the new rules, smaller airlines may offer discount rates on scheduled flights even

Fares could fall by 10 to 20 percent

if the passenger does not plan to stay over the weekend.

"No longer will two airlines be able to operate a cozy cartel and monopolize a route," said Paul Channon, Britain's transportation minister.

The new EC rules have already had a discernible effect on fares. British Airways, for example, says its fares have decreased by about 4 percent since January. But Mr. Channon and other industry observers believe many fares will drop much further during the summer holiday season. "Obviously fares will come down," says Roy Brabender, chairman of the Association of British Travel Agents. "Business will be even more competitive."

One of the smaller airlines that is seizing the opportunity to compete is British-based Air Europe, which began primarily as a holiday charter carrier for package tours and is now rapidly expanding its scheduled services across the continent.

"Suddenly in the last six months things have opened up. It's moving far faster than I ever imagined," says Harry Goodman, the irrepressible head of International Leisure Group, Air Eu- stifle competition by monopolizing the rope's parent company.

Air Europe's new scheduled services include London Gatwick to Paris, Brussels, Munich, Palma, and Lanzerote. Frankfurt, Geneva, Copenhagen and Zurich services begin this summer, and Goodman's next ambition is to introduce flights to Hamburg, Oslo and Stockholm.

In late April, Air Europe made perhaps the boldest move yet under the new EC rules: a £59 (\$111) advancepurchase round-trip ticket to Paris. The cheap fare was a direct challenge to the business that has traditionally gone to British Airways and its normal £85 (\$160) one-way service from London to Paris. British Airways says it welcomes both deregulation and the competitive challengers of other air-lines. "Let anyone fly anywhere and see who wins," a spokesman says.

One of the keys to the open competition is the CRS - computerized reservation system. By listing all their flights and fares on the same computer, the airlines can pick up passengers

from each other. Two main CRS "clubs" could eventually dominate Europe. One, called Galileo, includes British Airways, British Caledonian, Air Lingus, Alitalia, Austrian Airlines, KLM, Swissair, TAP of Portugal, Sabena of Belgium and United Airlines of the United States.

The other - called Amadeus - includes Air France, Air Inter Adria of Yugoslavia, Braathens of Norway, Finnair, Icelandair, Linjeffyg of Sweden, lberia, JAT of Yugoslavia, Lufthansa, SAS and Continental and Eastern of the United States. The airlines believe that such wide-

ranging CRS clubs will help them to expand their business by providing 'global" connections. Americans traveling from Deriver to Paris, for example, can use the CRS in an airline ticket office or travel agency to scan the schedules and book a continental flight to London which connects with Air France to Paris.

It is argued that forcing airlines to list their fares alongside those of their competitors will keep prices down. Yet smaller airlines fear that large airlines will dominate the CRS systems and so attention of travel agents.



Desh 7, a familiar sight at London City Airport.

For instance, if those hypothetical travelers from Denver book their tickets to London through Continental, or an agent that only has the Amadeus CRS, they'll have no way of seeing BA's schedule or fares - or Air Europe's bargains - to Paris.

The next logical step for CRS would be from the airline ticket office or travel agency to the personal computer, Naturally, travel agents oppose the notion of letting travelers book their own tickets. But the 8-10 percent they stand to lose in commissions could equally well be translated into better service or lower fares.

Another case of microtechnology coming to the traveler's aid is being investigated by the International Air Transport Association. IATA is studying the possibility of "smart" computer-issued air travel tickets that would double as boarding passes

Meanwhile, the prospect of intense competition to offer lower fares means that the frequent-flyer programs aiready becoming less popular in the United States - are increasingly unlikely to catch on in Europe. Similarly, fewer restrictions on discount and promotional fares will probably lead to the demise of many cheap-ticket

"bucket shops." Lower across-theboard fares and fewer route restrictions may also mean fewer cheapticket charter flights as more charter airlines follow Air Europe's example of setting schedules. "The only real difference between charter and scheduled services is the way they are sold," says Dave Hopkins, manager of Britannia Airlines. "The two are becoming increasingly blurred."

The possibility of new routes - and the fact that most if not all landing and takeoff slots are already taken at most major airports - should encourage certain airlines to look for alternative landing sites. In Great Britain, for example, airports outside London such as Stansted and Luton are sure to get increased business from smaller airlines that target their services at the traveler who is ready to sacrifice the convenience of a major airport in return for a major reduction in the fare.

Business travelers who are willing to pay first-class prices have the alternative of sites such as London City Airport, which has planes flying to Paris every half hour or so and boasts a check-in time of only ten minutes. Such stoiports - or short take off and

landing airports - are likely to spread to other major European cities.

While a new generation of smaller. quieter planes like the 50-seat turboprop DHC Dash 7 and 90-seat BAe 146 four-engine jet will serve urban air-ports, the big airlines will be using even bigger planes such as the 800-seat Boeing 747 on the most popular long-haul routes.
"The important thing about greater

liberalization is that companies will be forced to focus more on the important things like price and schedule and ontime performance," says Richard Bond, vice president of Cresap, an airlines management consultancy.

in the past, when cartel arrange-ments limited the range of choices for price and schedule, Mr. Bond adds, the idea of smiling, pretty stewardesses and good in-flight meals was all the airlines had to sell themselves. But the quality of service should be as good or better by 1992 than it is now despite the prospect of cheaper fares.

The airlines that do well - indeed, the ones that survive - will be the ones that cut their costs so that they can cut their prices. Those are the new rules of the game.

- Timothy Harper

News / People and Places

# Reagan and The EC

• The Reagan Administration has established a high-level inter-agency task force in Washington to monitor and evaluate the policy implications for the United States of the EC's 1992 plan for an integrated market. Presiding over the group will be the Office of the Special Trade Representative. The Treasury, State and Commerce departments also are actively participating. "The United States, of course, encourages and supports 1992 ... two caveats are in order, however, commented Denis Lamb, U.S. Ambassador to the Organization for Economic Cooperation & Development. Speaking in Brussels recently, Mr. Lamb cited the prospects of "new trade restraints on the Community level," and what he termed "preferential treatment to EC entities.

◆ The British government has announced that it has no intention of dismantling passport controls at Britain's ports and airports, including those for passengers using the Euro-tunnel when it is operating in 1993. Frontier check posts throughout Britain also will be maintained for security reasons, including those for EC members entering Great Britain, the Foreign Office said.

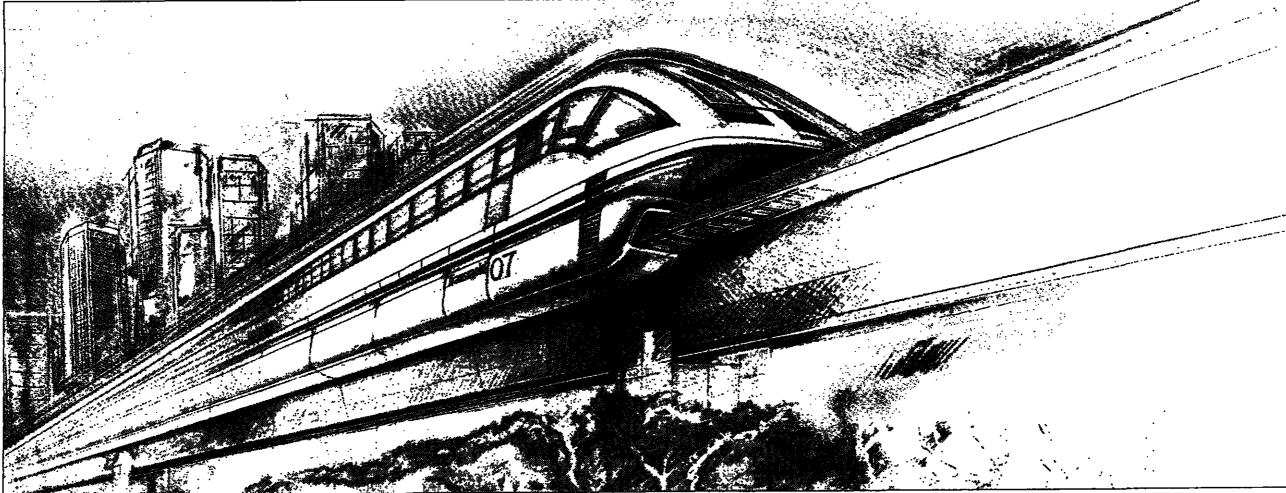
 The European Parliament's legal affairs committee has approved the EC Commission's directive for liberalizing non-life insurance in the community, a key step in obtaining final endorsement by the Council of Ministers. A draft report submitted by Peter Price, a British deputy, was recently adopted by the committee without amendments.

Timothy Harper is a London-based American journalist and lawyer. Axel Krause, IHT corporate editor, is supervising the 1992 series. Sabine Krueger is a correspondent for McGraw-Hill in Bonn.

Joel Stratte-McClure is a freelance writer and the editor of Sophialet. Erich E.Toll is the West German correspondent for the Journal of Commerce.

The next issue on 1992 will be published

# 412 km/hr – a World Record with Thyssen Electronic



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Erich E. Id

# A Superb Staging of 'Vanya'

By Sheridan Morley

ONDON - It has become increasingly apparent over the last two years, not least because of the Alan Ayckbourn revival of "A View From the Bridge" at the National, that in Michael Gambon we now have a natural leader of the acting profession in this country. His "Uncle Vanya" at the Vaudeville is in that sense part of a very royal progress toward, if not the royal progress toward, if not the more than glacial as she reels mantle of Olivier, then certainly around from sheer boredom. Jona-

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THE LONDON STAGE

control and confidence of Michael Blakemore's staging. It is arguable that Greta Scaechi is a bit dead behind the eyes, but then no one ever said that Yelena had to be that of Ralph Richardson, who was than Pryce as the shambling coun-

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-Dining Out-

as the lugubrious neighbor, Imelda piece cornered by Hester and the The constant joy and wonder of Staunton as the doomed Sonya, two men unable to return her love this new production is the utter and Benjamin Whitrow as the in anything like its original passion. treacherous professor all give per-it was derived from a moment in formances that would be the envy of any permanent company in this himself homosexually trapped. or any other land.

wonderful, and there is not a lot in 1952 would have been imposs Michael Frayn's new translation instead. The only real problem with the current casting is that Keith the current casting is that Keith ry. Not since Olivier and Redgrave opened the National with it a quar-have got herself into this corner, ter-century ago has there been a while Yelland, through no fault "Vanya," or indeed a Chekhov, in London to come within a Russian London to come within a Russian gap, finds it difficult to recreate mile of this mournful, magnificent that cheery ex-RAF manner so cenmasterpiece.

At the Theatre Royal, Haymarket, Alan Strachan's second pro-duction in a decade of The Deep Strachan has drawn a marvelously Blue Sea" comes as another reminder of the blazing and ongoing power of Terence Rattigan's midcentury drama.

The story is of Hester Collyer, knew all there was to know about played now by Penelope Keith in a clenched English middle-class mor-performance of considerable au- al codes and their appalling danthority. Separated from an eminent gers. judge (Anthony Bate) she is living with a fatally weak-willed test pilot (David Yelland, in the part that made a star on stage and screen of Kenneth More).

As the play opens she is retrieved by well-meaning neighbors from the suicide that seems to be her only possible solution. On the original first night in 1952, several critics took the view that all she needed was a good marriage-guidance

A large cast, many of whom counselor, which is roughly akin to seem to be only dimly acquainted suggesting that Hedda Gabler with the basic techniques of acting ld have been fine if she could have located a really stylish interior

But to have written "The Deep The production is, in short, just Rhue Sea" as a homosexual tragedy more to say about it except that ble, so Rattigan gives us Hester seems altogether too capable to other than that of the generation tral to a character whose life really stopped in 1940.

But in a characteristically meticulous and intelligent production, detailed performance from John Normington as the sinister neighbor and proved yet again that Rat-tigan, like Mangham before him,

It is mercifully not often that one is required to survive an evening of such rambling and turgid awful-Bettinson's adaptation and staging at the Playhouse of Catherine Cookson's mysteriously best-selling novel of Tyneside life around 1910.

ritually grind their way through a random sense of life and death and disaster in the kind of show that The whole point of "The Deep might once have become one of Blue Sea" is that Hester's survival Lionel Bart's lesser musicals but is Blue Sea" is that Hester's survival
Lionel Bart's lesser musicals but is
a far greater tragedy than her without even the benefit of an an by comparison. Every half-hour trap" or "Starlight Express," not to death, and this a play with roots orchestra let along a coherent deep in the truth of Rattigan's own script.

The Deep in the lattice of the characters, usually a strolling priest or yet another devited the strategies as the strolling priest or yet another devited the strategies.



Michael Gambon gives a masterful performance in role of Vanya.

From the cross-section of charac- river, or went to the United States, trayal-less craggily wracked in its ters on stage here, it would seem while everyone else stands around storms and stress - and not wholly that Cookson's men are mainly muttering "this has got to stop," drunk her women oddly hunch-which seems to me an altogether drunk her women oddly hunchbacked and her children relentless- admirable sentiment. ly adorable, as if auditioning for

The trouble with all this subly adorable, as if auditioning for some kind of period commercial. Priestley rubbish is that it has been The action is not so much slow as making a fortune on tour all over frequently stopped altogether, and the north of England and may the dialogue makes "Coronation therefore be around in London for

I WANT TO

RETAIN

YOU.

YOU CAN'T

AFTORD ME,

THE MOTHER

LY ADVICE.

Then, even more notably, there supertitles, as Glyndebourne pre-was Nancy Gustafson as the hero-ine of Leos Janacek's "Katya Ka-prompted by the opera's beingbanova" in the first new produc-tion of the Glyndebourne Festival Opera's summer season at Glynde-much of what is sung in Italian, bourne in Sussex. Both were wel- French or German, or English, for comed with notices to treasure. that matter. Their employment for Of Gustafson, Malcolm Hayes "Katya" exposes all the problems: wrote in the Sunday Telegraph: "What was happening was a perpertaining thereto. They are too high, hard to read, often too, formance which will remain lengthy and too briefly exposed burned into the memories of all and too complete, sometimes inthose lucky enough to witness it. cluding dialogue without identifi-

By Henry Pleasants has sung many roles with the Sar

First, there was Jacque Trussel, a ton, Boston, Vancouver and Otta-

Moshinsky's 1976 production of

. . The potency of acting was cation of the singer. Supertitles complemented by singing that was should be a guide, not a translation. wonderfully responsive to every wonderfully responsive to every vivid phrase in the part."

Of Trussel, Max Loppert in the cious British debut. He worked. Financial Times — not an easy with Wieland Wagner at Bayreuth, "No good will come of this," mented neighbor, asks one of the critic to please - wrote: "A com- and it shows in his dependence says one of the neighbors early in what promises to be an interminable evening, thereby neathy providing one of the best of the reviews.

other characters what has been pellingly muscular stage performer upon, and ingenious exploitations who finds a way to the center of the of. Wolfgang Göbbel's lighting of production that is at once different or died, or gave birth, or fell into a from the celebrated Vickers porsionistic sets. The opera is strongly cast, most

notably in addition to Gustafson,

New to Glyndebourne in "Katya

Kabanova" is the use of surtitles, or

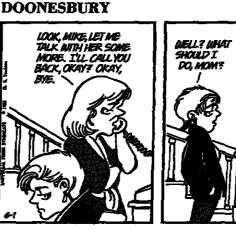
overshadowed by it. . . . The in Felicity Palmer's severe Kabanivoice, too, is keen, muscular, incisicha and Gustafson's fellow Ameri-can, Barry McCauley's, Bons. ve . . . honestly addressed to the music without fudging." nusic without fudging." Fully as important as the singing Other critics, unanimously, actors, as always with Janacek, is wrote about both artists in the the orchestra, here the London same vein, and I happily endorse Philharmonic in eloquent form under Andrew Davis.

The biographies of Gustafson and Trussel, especially of Gustaf-cast, including veterans of earlier "Peter Grimes," too, is strongly son, in the program books of Glyndebourne and the Royal Opera splendid Captain Balstrode by the provide striking evidence of the Canadian Victor Braun.

proliferation of opera in the United States and Canada. Time was, and The Glyndebourne season continues through Aug. 18 with, in addition to "Katya Kabanova," a it was not so long ago, that opera there meant New York's Met and new production of "Falstaff" and City Opera, San Francisco, Chicarevivals of "Die Entführung aus dem Serail," "La Traviata," "The go's Lyric Opera and, in the summer, the Cincinnati Zoo. Not now. Electrification of the Soviet Gustafson, who sang her first major role, Freia in "Das Rhein-Union" and a double bill of Ravel's "L'Heure Espagnole" and "L'Engold," in San Francisco in 1983, fant et les Sortilèges." There are has sung with the Lyric in Chicago, performances of "Kalya Kaban-but she has also appeared in Seat-ova" June 6, 8, 16, 18, 23, 28 and tle, Colorado, Minnesota, Chatau-30, and performances of "Peter qua, Omaha and Santa Fe, as well Grimes" June 1 and 4 (with Trussel) and 9 and 11 (with Anthony Trussel, who came to Covent Roden).

Henry Pleasants is a Londonof Grimes at Florence's Maggio Musicale, has been around a bit based author and cruic who speciallonger, almost 20 years. He, too, izes in music and opera.

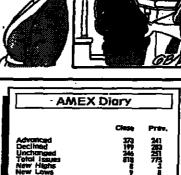


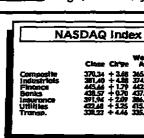


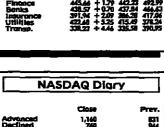




ACTUALLY, MOM, I DON'T WANT YOUR

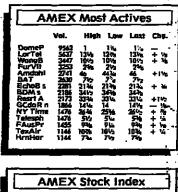






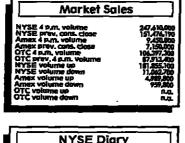
as Paris and Hamburg.

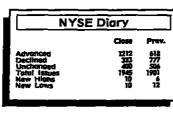
Garden fresh from performances

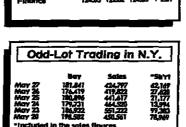


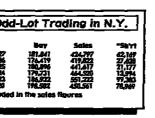
2744 2744 1194 1194 124 124 124 124 124 124 36764: 60694 23715 19354 18094 17035 14575 14072 13961 13909 13074 12074 13004 -++++12-1399600A0 Dow Jones Bond Averages

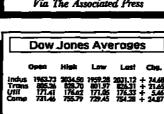
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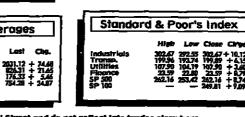


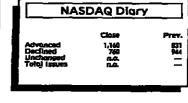












High Low Close 294.19 290.50 294.19 + 3.49

# MARKET: Late Gains Push Dow Past 2,000 (Continued from Page 1) anticipation that they could buy them back later at cheaper prices. Once stock prices began rising, analysts said, once of an average share added 94 cents.

Once stock prices began rising, analysts said, some of these traders bought stocks to cover those so-called short positions, and other investors began purchasing equities as well. Some analysts said there had been some pent-up demand because the market was closed Monday.

Alan Ackerman, senior vice president at Gruntal & Co. in New York, said that some investors believe that the fears over higher infla-tion and higher interest rates are "exaggerated."

"There was a great deal of money on the sidelines looking to invest and today they decid-ed to go in," Mr. Ackerman said. "Flowever, it is still too early to tell if we are beginning a rally

for real."

He said the advance also indicated that many investors had come to believe that the "bad news had already been factored into the market."

More than half of the volume was by investors qualifying for dividends in two utilities Ohio Edison Company and Public Service Entermise Group.

Onio Edison Company and Public Service Enterprise Group.

"The utility buyers today seem to believe that
interest rates may be close to a top. If they're
right — which I doubt — we may have a big
rally by summer," Mr. Baker added.

In the bond market, the key 30-year Treasury
bond was up 9/32 to 98 10/32, lowering its yield
to 9.30 percent from 9.33 percent on Friday.

Broad-market indexes also posted strong

Essex Chemical soared 10% to 27%. GuritHeberlein of Switzerland began a tender offer
for 4.96 million shares at \$24 a share.

Macmillan fell 2% to 70%. The publishing
company announced a restructuring program
apparently aimed at thwarting a \$64-a-share
takeover attempt by the Robert M. Bass Group.

Among the blue chips, General Electric was
up 2 to 42, Woolworth was up 1% to 51%, USX
was up % to 31% and Merck added 2% to 53%.

Prices closed sharply higher in slow trading
on the American Stock Exchange.

The American Stock Exchange Index rose
3.69 to close at 294.19. Advances topped declines by nearly a 2-1 margin. The price of an
average share gained 15 cents. Volume totaled
9.45 million shares, up from 7.15 million shares
on Friday. on Friday. Dome Petroleum led the Amex actives, off I 32 to 1 1-16.

Ohio Edison was the most active issue, gaining % to 18%. Public Service Enterprise Group followed, up % to 23%.

Continental Corp. ex-dividend was third,

adding 1 to 37%.

AT&T jumped 1% to 27%. IBM advanced 4% to 112%.

Essex Chemical soared 10% to 27%. Gurit-

The National Association of Securities Dealers index of over-the-counter stocks gained 3.68 to close at 370.34. (UPI, Reuters, AP)

Handing Shock

1706 956 CNAM

1706 170 CNAM

1706 

494 24 .76 182 .54

22 Mar 12 Mar 24 Mar 25 Mar 25

Oliv. Yld. PE 180s Hilgh Low Good, Chiga 15/4 Ph 15/4 P

211/2 BCE 9 13/4 BET n 3/4 BMC 23/2 BRE 14/9 BRT 20 Balmas 111/4 Balmas 11/4 Balmas 17 Baldar  31 V2 226 V2 57% 69 V2 57% 67% 19% 681/2 16 CBI In 14092 CBS 256 CCX 4114 CIGNA 4312 CIG PA 2 CLC n 12 CAL n 1812 CAS En 407 CNA PA 2.96 4.10

WEDNESDAY, JUNE 1, 1988

Madison avenue

New York Times Service

OKYO — The Japanese woman, for years portrayed as a cheerful housewife in a frilly apron, has a new image in

era

Opera and the Opera hur how on. Vancouver the Opera hur how to the house hur house hur how to the house hur h

of facting stock, make party and stock to the stock of th Cilyndebourne me is the use of sm cheerful nouseways

the ment then inlines which young women are still taught that their role is, as the ment of the ment of working women surpassed the number of housewives make up 40 percent of the market

which often in the interest of the debut the large than this spring, no fewer and Wagner at Bart this spring, no fewer and Wagner at Bart this spring, no fewer and Wagner at Bart this spring, no fewer this man the depute the depu

Palmer's crete kale company that publishes Nikhei Woman, comes from the palmer's crete kale company that publishes Nikhon Keizai Shimbun, Japan's most istafs on science kale presigious economic daily newspaper. Nikkei Woman has surveyed working conditions for women at Japan's top 300 companionations in the surveyed working conditions for women at Japan's top 300 companionations in the surveyed working conditions for women at Japan's top 300 companionations in the surveyed working conditions for women at Japan's top 300 companionations in the surveyed working conditions for women at Japan's top 300 companionations in the surveyed working conditions for women at Japan's top 300 companionations in the surveyed working conditions for women at Japan's top 300 companionations in the surveyed working conditions for women at Japan's top 300 companionations in the surveyed working conditions for women at Japan's top 300 companionations in the surveyed working conditions for women at Japan's top 300 companionations in the surveyed working conditions for women at Japan's top 300 companionations in the surveyed working conditions for women at Japan's top 300 companionations in the surveyed working conditions for women at Japan's top 300 companionations in the surveyed working conditions for women at Japan's top 300 companionations in the surveyed working conditions for women at Japan's top 300 companionation in the surveyed working conditions for women at Japan's top 300 companionation in the surveyed working conditions for women at Japan's top 300 companionation in the surveyed working conditions for women at Japan's top 300 companionation in the surveyed working conditions for women at Japan's top 300 companionation in the surveyed working conditions for women at Japan's top 300 companionation in the surveyed working conditions for women at Japan's top 300 companionation in the surveyed working conditions for women at Japan's top 300 companionation in the surveyed working conditions for women at Japan's top 300 companion in the such Janas and finance, reviews of day care centers and nursery schools, and tra. here the Least addice on how working mothers can set up day care networks.

Tenko Inoue, a professor of sociology at Wako University in sibuiban Tokyo, said that traditional women's magazines have been steadily losing readers as Japanese society changes. Such in further notation of the professor of sociology at Wako University in sibuiban Tokyo, said that traditional women's magazines have been steadily losing readers as Japanese society changes. Such in further notation. There was undergoing its most rapid economic growth. Now If further notable is Japan was undergoing its most rapid economic growth. Now aprain Balsirode is society offers women more prosperity and new choices, she said. odehourne season to styles of young women who are not married, with tips on living fashionably, eating out and traveling. And except for the most of Falsafe to Nikkei Woman, even the new publications that bill themselves as more than the new publications that bill themselves as more than the married of the most department of the most departme

"Dic Enfulning a magazines for working women devote a great deal of space to "I a Travalla" topics that are somewhat more conventional, although suitably then of the Son updated, such as preparation of quick meals. a double bill of Rad Although change is under way, feminism in the American style spagned and  $1\pm$  is all but unknown in Japan. Few women have ascended to top Surfileges: There is corporate ranks. About 4 percent of all Japanese companies were cool: Kana kak headed by women in 1987, according to Diamond magazine, a 18, 16, 18, 23, 32 bissiness publication. reformance of a At most companies, the usual pattern is for women to work no 1 and 4 minh 15 until they have children, then leave the company, assuming new and 11 (will Ant): part-time jobs only when their children are out of school. Nearly 23 percent of working women in Japan are employed part-time, leasance is a Lag

and come who by Linviting readers to describe their jobs and daily lives. The editor. 'and opera

a job and a raise a child. is preguant with her first child said that Nikkei Woman was the first magazine that really addressed her concerns about working. But another working mother said, "I'm just too busy to read it."

Stock Index

and many do little more than clerical work.

Attached to Nikkei Woman's first issue was a questionnaire

Katsura Saginoya, said that more than 60 percent of the women

who responded spoke of their frustrations in trying to hold down

Readers' reactions vary. One advertising agency employee who

**Currency Rates** 

Per \$
4.084
137.10
7.8135
13.40
1673.00
04454
1.585
0.2754
2.5875

1,1201 29.88 741.29 1,7325 3,362 N.A. 0,8342 2,9845 2,3349

17.L. 0.1512 4 2.877 9 0.1349 9 2,256.00 1,265.50 0.4536 9 N.A. 0.1124 9

Per 5 2291.00 \$ 1.443 4.1333 e 6.2545 21.932 0 140.60 3.7503 778.50

Franc 7 %-7 %-7 %-7 %-7 %-7 %-

Yen 4 %-4 % 4 %-4 % 4 %-4 % 4 %-4 % 4 %-4 %

7.0164 1.545.86 7.9137 1.239.98

5.F. 1,3431 25,5405 1,1989 2,4543 886,80 1,444 4,0332 H.A.

ECU SDR 54-54 54 54-54 54 664 54 68-64 64

**Interest Rates** 

7% 7,94 6,63 6,83 7,20 7% 7.05 6.49 6.83 74 7.30 2½ 2½ 3¼ 3¼ 8.0. 3% 3% 315/16 416 1.15 1.45 1.40 3.80

67.00 62.00 62.00 62.00 62.00 62.00 63.00 63.00 63.00 63.00 63.00

**Gold** 

ce: Merrill Lynch, Telerate

# Japan **Exhorts Importers**

### Trade Minister Seeks New Targets

Compiled by Our Staff From Dispatches TOKYO — The government's top trade official urged the country's 302 largest importers Tuesday to increase their purchases of for-eign goods to help pare the Japa-

nese trade surplus. Hajime Tamura, the minister of international trade and industry, asked the representatives of 151 leading export companies to boost imports of manufactured goods to the maximum for the 1988 fiscal year, which began April 1. Another 151 major companies, unable to attend the meeting in Tokyo, re-ceived the same request from MITI regional offices.

The "education campaign," as a senior official in the Ministry of International Trade and Industry described it, was said to have been prompted by fears that imports this year might not match the sharp increase recorded in 1987-88, when chases of foreign manufactured goods by the 302 companies number 38 percent.

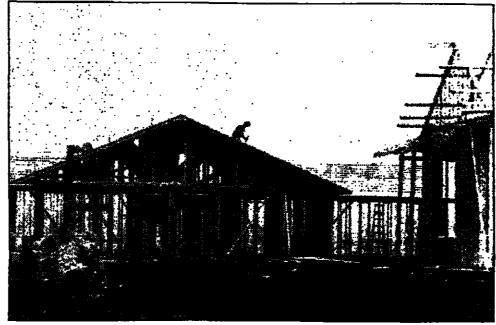
In the past, economists have suggested that such exercises were at least partly a matter of public relations. On the other hand, MITI recently issued a report forecasting

The companies addressed Tuesday by MITI imported manufacgoods in fiscal 1987 worth ing mortgages for customers.
billion, or 60 percent of Ja"We are seeing a market that will according to Atsushi Kawashima, field of rising rates," said John A director of MTT's imports depart-ment. He said he hoped the companies would increase imports by another 17 percent in fiscal 1000 other 17 percent in fiscal 1988.

Mr. Tamura called on the com-

as well as their results for the first six months of the fiscal year. He also encouraged them to take advantage of the yen's rise to re-duce the price of imported goods, fact that there are fewer mortgage to seek new markets and pursue joint operations with foreign com-

market.
(AFP. AP, UPI) homes in April fell 8.8 percent from a year earlier. Many analysts suggest



The industry predicts that "starts" on single- and multi-family dwellings will fall 8 percent this year.

# The U.S. Housing Sector Retrenches Rising Mortgage Rates Have Hurt Sales, Construction

**But Sales Rose** 

The Associated Press

increase in mortgage rates. In a joint release, the de-

partments of Commerce and

family homes were sold at a

seasonally adjusted annual rate of 679,000 last month, up

It was the third straight

monthly rise and the highest

level since new homes were

sold at a rate of 728,000 in

April 1987. But despite those increases, sales for the first

four months of 1988 are still 9

percent below the same period

of 1987, when mortgage inter-

est rates hit nine-year lows.

that building will decline further

interest rates continue to climb.

from 653,000 in March.

By Julia Flynn Siler New York Times Service CHICAGO --- Faced with higher mortgage rates, and expecting them to rise even further, the U.S. housing industry has begun to re-

Builders are shying away from speculative projects. Mortgage banking companies have closed of-fices and laid off employees. Savonly a 17 percent rise in imports ings and loan associations, competthis fiscal year, not enough to help ing fiercely for customers, are cut the targeted \$11 billion off the trade surplus.

The first part of the requiring smaller down payments and lower closing costs. And to encourage sales, real estate brokers have become more active in arrang-

ing mortgage banker based in Dal-Mr. Tamura called on the com-panies to review their import goals mortgage origination offices and and to submit new targets to MITI, has laid off 29 percent of its 3,400

employees in mortgage banking, according to the company's president, James M. Wooten. originations, fewer housing starts and fewer home sales," he said. anies to develop products suitable Construction of single-family

fixed-rate mortgage will cost be-tween 11.25 percent and 11.50 percent by year-end, compared with 10.58 percent last week. Two By 4% in April WASHINGTON — Sales of new, single-family U.S. homes rose 4 percent in April age interest cost of 9.99 percent.

Adjustable rates, although increasing, have not risen as fast as to the highest level in a year, in fixed rates in recent months. what some analysts saw as a rush to beat a widely forecast Some economists suggest that a continued slowdown in the housing industry might help the economy, acting as a brake on inflation by offsetting rising demand for goods of Housing and Urban Devel-opment said that new singleand services in other sectors.

Typically, when mortgage rates rise steeply, some potential buyers postpone taking out a mortgage. For example, long-term mortgages with a fixed rate rose as high

as 10.53 percent in January. In its found that long-term loans for one-to four-family homes had dropped nearly 36 percent, to \$21.5 billion, from \$33.4 billion in January 1987.

"We believe 30-year fixed-rate mortgages will rise to about 11.25 percent by the end of the year," said Lyle E. Gramley, chief economist for the Mortgage Bankers Association. "If they do, we're antici-Several leading economists in the pating that mortgage lending housing and mortgage banking field indeed expect rates to rise. In

See HOMES, Page 15

# KOP of Finland, **Proventus Set Bank Alliance**

By Juris Kaza nd Herald Tribune

STOCKHOLM — Kansallis-Osake-Pankki, Finland's biggest Swedish analyst as saying commercial bank, and Proventus AB, a Swedish investment company, announced a partial merger Tuesday that ultimately could cre-

The accord eventually would reden's fourth-largest bank. Analysts said the pact, the latest move in a growing expansion by Finnish companies into foreign markets, would make KOP the largest for-

The KOP group in Finland and Gotagruppen AB, the parent of Gotabanken, had combined assets in 1987 of nearly 300 billion kronor (\$50.52 billion). That exceeds the 233 billion kronor in assets of Sweden's Skandinaviska Enskilda Banken, the single largest bank in the Nordic area.

The president of Proventus, Gamonths ago, a 30-year fixed-rate brief Urwitz, called the arrange-mortgage was available for an aver-ment with KOP the first step in a ment with KOP the first step in a long-term "vision" of creating a Nordic regional bank.

The transaction includes the merger of KOP's Swedish banking subsidiary into Gotabanken. It also provides for the formation of a holding company controlled 60 percent by Proventus and 40 percent by KOP.

KOP and several affiliates will

pay about 1 billion kronor for their shares in the new company, to be called Proventus Nordic AB.

Proventus said it would transfer nearly all of its shares in Gotagruppen to Proventus Nordic. Proventus Nordic then will hold a 38 persurvey of mortgage lending activity for that month, the Department of Housing and Urban Development has interests in banking, finance, mortgage, securities trading and real estate companies.

In addition, Proventus will pay 300 million kronor to buy new shares in KOP, becoming the Finnish bank's second-largest shareholder with about 2 percent. The Swedish investment company also will buy 5 percent of Nordfinanz-Bank Zurich, KOP's Swiss subsid-

This takes KOP a large step

along the road towards becoming a Nordic bank, making it the only foreign bank to gain a real presence in Sweden." Reuters quoted a

Under Swedish law, foreigners are not allowed to own Swedish bank shares. Reuters reported. The deal requires the approval of Swed-

ate an affiliation of banks with as-sets exceeding those of any single Scandinavian institution.

ish and Finnish authorities.

Under the agreement, Gotagrup-pen and KOP will share each other's branch networks and a large give KOP a stake in Gotabanken, part of their international networks excepting London, where each will continue to operate its subsidiary separately.

Skandinaviska, the Nordic region's largest bank, is part of a cooperative group called Scandina-vian Banking Partners, which also includes Union Bank of Finland, Bergen Bank in Norway, and Privatbanken in Denmark.

### Macmillan Inc. Splits to Deter Bass Takeover

NEW YORK -- Macmillan Inc. split itself into two companies Tuesday and announced a special dividend amounting to at least \$1.36 billion to deter a \$1.6 billion takeover offer by an investor group led by Robert M. Bass. Macmillan's stock, which had been driven above the \$64 per share Bass was offering, was down \$1.50 to \$71 at mid-

day on the New York Stock

Exchange.

Macmillan said it was splitting into Macmillan Publishing Co., comprising its tradi-tional publishing businesses. and Macmillan Information Co., for other activities.

Macmillan will pay a special dividend of at least \$52.35 per share. Stockholders will retain shares in Macmillan Publishing and receive stock and bonds in Macmillan Informa-

Mr. Bass, a Texas investor, had no comment.

# **U.S. Faces** Dilemma,

The Organization for Economic

economy by the 24-member organization cited the deteriorating U.S. trade performance as one of the probable triggers for the Oct. 19 stock market collapse, in which the

steady-as-you-go approach, not only in reducing the country's deficit on its current account — the widest measure of trade — but in cutting the federal budget deficit.

shown surprisingly little response to the 50 percent depreciation of the dollar from its 1985 highs. The OECD secretariat warns that "correcting the external deficit is likely to remain gradual and persistent. What policy makers need is "more time for a medium-term solution to the problem of imbalances."

The OECD said that a recession could be exacerbated by certain vulnerabilities in the financial system" — the high debt levels of both households and business and the strained banking system already sitting on huge amounts of bad debt — while inflation could trig-ger "financial market turbulence. seriously complicating the task of the monetary authorities.

icans against trying to reduce the international deficit by allowing the dollar to depreciate further. "A further significant dollar do-

The OECD cautioned the Amer-

**OECD Says** By Carl Gewirtz

PARIS — U.S. policy makers face an economic minefield in dealing with the huge U.S. trade deficit, where a misstep in reducing the trade gap too rapidly or too slowly could again shake world financial markets, according to a study pub-lished Tuesday by the major advi-sory agency for Western govern-

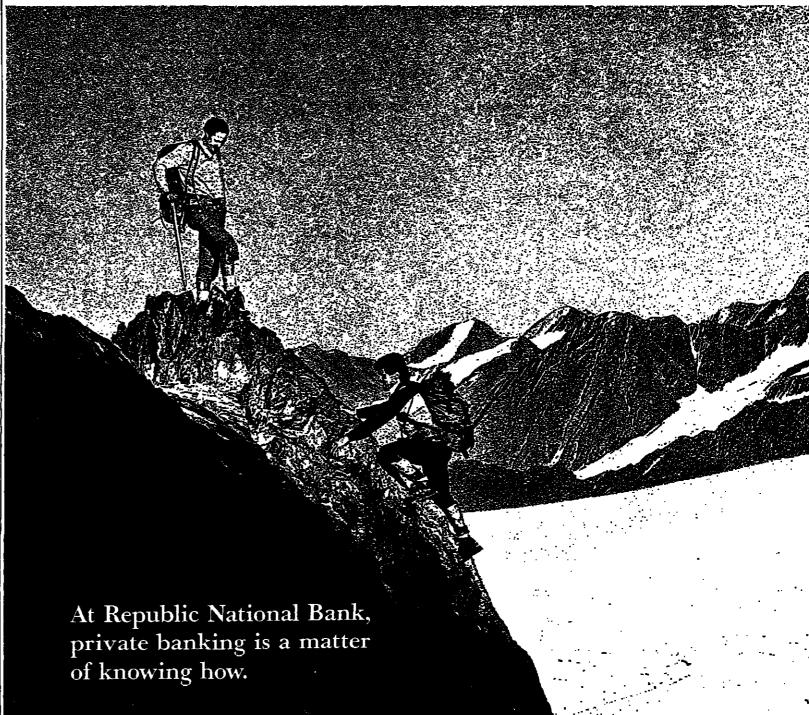
Pers 224 25999 114.25 5.983 25.14 25.125 1320.00 1 3.677/ 31.25 Cooperation and Development said that U.S. officials would have to tread a narrow path to avoid pushing the American economy into a recession that would pull the rest of the world into a slump and to avoid re-igniting inflation. The annual report on the U.S.

> Dow Jones industrial average Imaged 508 points and a global drop in share values followed. The thrust of the report is that U.S. policy makers need to take a

The current account, which mea sures merchandise trade, services and some financial transfers, has

The OECD projects that the current-account deficit, which hit \$160.7 billion last year, will decline to about \$130 billion by 1989 and then will stabilize at that level unless additional measures are taken to reduce it. Economists generally have noted that steps to reduce U.S. imports, such as higher interest rates, could induce a recession.

See OECD, Page 17



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Herald Eribune.

The Trib's business section is now more comprehensive than ever Every day it's packed with the business news you need. And much, much more.

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Tuesday through Saturday: Currency Markets. Personal Investing on the second Monday of every month. and the latest financial figures every day.

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NYSE Highs-Lows

A SERVICE OF THE PROPERTY OF T

Sony Unveils

Video Walkman

**Costing \$1,000** 

TOKYO — Sony Corp, un-veiled Tuesday the video Walk-man, a combination video re-corder and television about the

corder and television about the size of a fat paperback book that will sell for about \$1,000. The GV-8, as it is designated, is equipped with a 76.5-millimeter (three-inch) liquid crystal display, or LCD, screen and an

eight-millimeter videotape re-corder that Sony is trying to

establish as the standard mini-

videocassette format.
Sony, one of the world's most innovative electronics companies, introduced the Walkman, the first of the por-

table cassette players, in 1979. In March, Sony introduced the 400-gram (14-ounce) D-88,

the first portable player of compact disc singles. On Tuesday, it also intro-

duced an eight-millimeter video camera recorder, an extend-

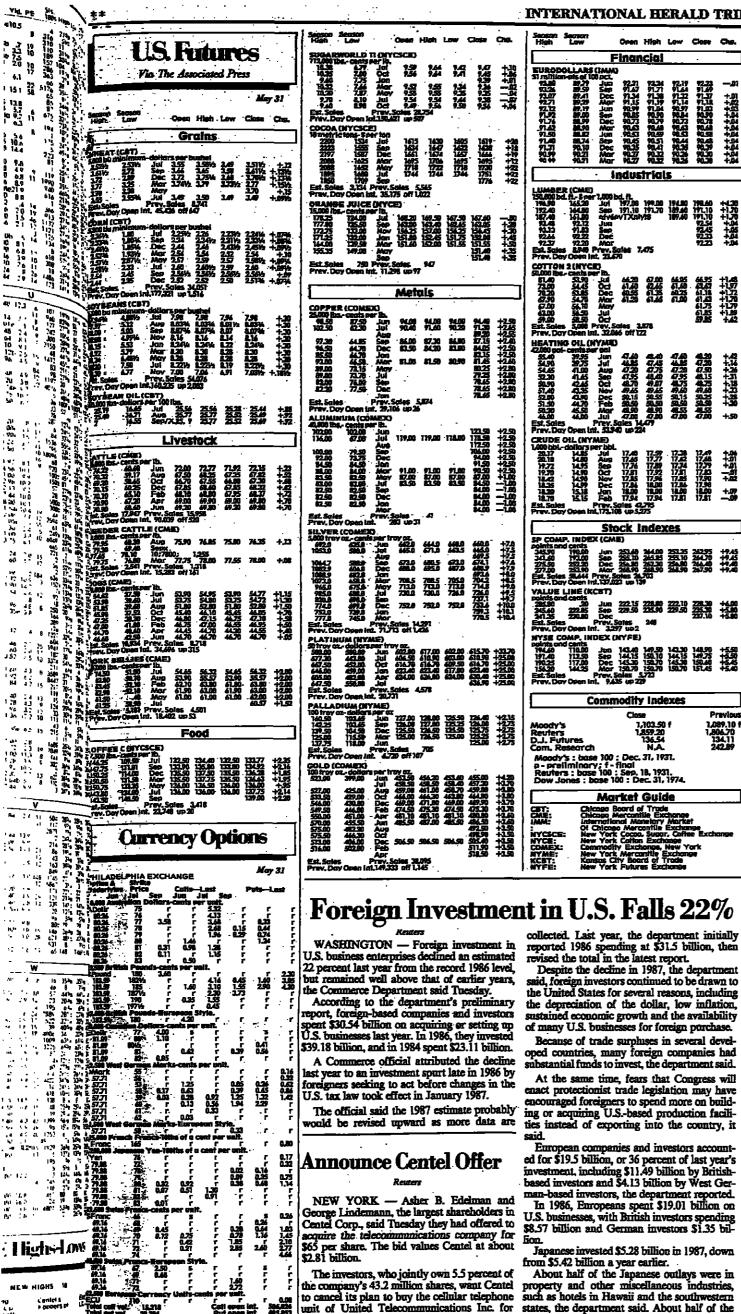
ed definition Beta-format

videocassette recorder, and its first VHS-format HiFi video

decks for Japanese home use. The 1.1 kilogram (2.4

pound) GV-8 is to go on sale

Aug. 21 in Japan at a price of 128,000 yen, and in the United States and Canada by year-



unit of United Telecommunications Inc. for \$763 million. Their offer would fall to \$60 per share if that deal were to be consummated.

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Irda\ m None collected. Last year, the department initially reported 1986 spending at \$31.5 billion, then revised the total in the latest report.

Despite the decline in 1987, the department said, foreign investors continued to be drawn to the United States for several reasons, including the depreciation of the dollar, low inflation, sustained economic growth and the availability of many U.S. businesses for foreign purchase.

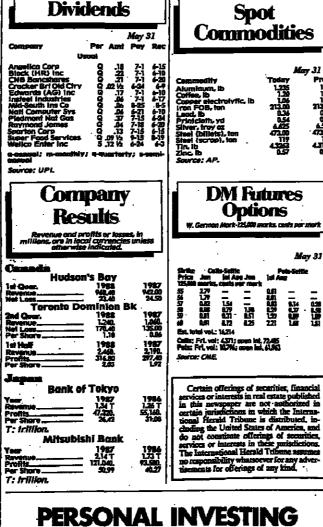
Because of trade surphises in several developed countries, many foreign companies had substantial funds to invest, the department said. At the same time, fears that Congress will

enact protectionist trade legislation may have encouraged foreigners to spend more on buildties instead of exporting into the country, it

European companies and investors account ed for \$19.5 billion, or 36 percent of last year's investment, including \$11.49 billion by British-based investors and \$4.13 billion by West German-based investors, the department reported. In 1986, Europeans spent \$19.01 billion on U.S. businesses, with British investors spending \$8.57 billion and German investors \$1.35 bil-

Japanese invested \$5.28 billion in 1987, down

About half of the Japanese outlays were in property and other miscellaneous industries. such as hotels in Hawaii and the southwestern states, the department said. About half of the property outlays were for New York City office buildings.



IN THE IHT THE SECOND MONDAY OF EACH MONTH. EDITED FOR THE SOPHISTICATED INVESTOR — AN ESSENTIAL GUIDE TO OPPORTUNITIES AND PITFALLS -- WORLDWIDE

# Holmes à Court to Resign Bell Post

at the company's annual meeting that Bell has lost its direction since ing retired, and Bell will end up the October stock market collapse and the subsequent failure of an affort to acquire Broken Hill Pty.

Shares worth about 1 billion of the October collapse damaged Bell's investments. But he said more harm was done by Merrill Lynch & Co., the U.S. financial services belonged to the october collapse damaged Bell's investments. But he said more harm was done by Merrill Lynch & Co., the U.S. financial services belonged to the october collapse damaged Bell's investments. But he said more harm was done by Merrill Lynch & Co., the U.S. financial services which withdrew a few days

take it into biquidation.

The company's stock rose Tuesday to 1.83 Australian dollars Australian entrepreneur.

(\$1.48), up 11 cents, in trading on In April, Mr. Holmes

Campbell Bids

For Freshbake

Holmes à Court confirmed specu-lation Tuesday that he would re-sign as chairman of Bell Resources

In February, Mr. Holmes à He has, however, retained a 3.2

Court soid back to BHP 20 percent stake in Bell Resources
of its stock for 2.1 billion Austrathrough Heytesbury Securities
lian dollars, leaving Bell with BHP

Pty., his family company. The financier told shareholders shares worth about 1 billion dol-

effort to acquire Broken Hill Pty.

Australia's largest company.

He said he would withdraw from the "fun and complexity of public corporate life" once Bell was set on a new course that, he said, might the sit into limited to the said, might are successful as the said, might be successful as the said was not an event for the successful as the said was not an event for the successful as the said was not an event for the successful as the said was not an event for the successful as the said was not an event for the successful as the said was not an event for the successful as the said was not an event for t

(\$1.48), up 11 cents, in trading on the Sydney Stock Exchange.

Sold 39.8 percent of Bell Group to dispute over the withdrawal.

Bell Resources embarked on a Alan Bond, another Australian en-

Renaers stake in BHP and 10 percent of analysts said they expected Mr. PERTH, Australia — Robert Texaco Inc. of the Umited States. Holmes à Court to step down.

Ron Brierley, a financier from New this company. The event was the Zealand, and Kerry Packer, an withdrawal of Merrill Lynch," Mr. Holmes à Court said. He added

program to sell 5 billion dollars of trepreneur, and the Western Aus-holders that Bell had one of the assets after the October collapse, tralian State Government Insur-strongest balance sheets among including most of its 30 percent ance Commission. At the time, Australian companies.

# JAL Returns to Profit; All Nippon Net Up 7%

LONDON — Campbell Soup Co. said Tuesday it had made an offer of 162 pence (\$2.99) per share in cash for Freshbake Foods Group PLC, unbited the British force food

valuing the British frozen food group at about £109 million. The American canned soup and convenience foods maker said it had received acceptances for 20.94 million shares, or 31.12 percent of Fresh-bake's issued share capital.

It said Freshbake sharebolders also would receive a second interim net dividend of 2 pence per share in lieu of a final dividend for the year ended in April. Freshbake shares rose 41 pence to 165 in London. Campbell said its British unit and its Groko frozen foods business in the Netherlands would be integrated into Freshbake.

The number of housing permits issued, an indicator of future con-

struction, is expected to fall, too.

Based on data from 179 metropoli-

TOKYO - Japan Air Lines, ridworst single-plane accident.

ing a boom in overseas travel and strong domestic growth, reported Tuesday that it returned to profit in the year ended March 31 with net latest year, and international revenue year ended March 31 with net arnings of 16.74 billion yen liast compared with a loss of 32 billion yen the previous year.

LAI Nimon Airman Inspector.

LAI Connect a dom in a posit to carnings of 16.74 billion yen (\$133.9 million).

That compared with a loss of 6.32 billion yen the previous year.

All Nippon Airways, Japan's second-largest carrier, posted profit of 6.01 billion yen, up 7.5 percent.

JAL said the turnaround had made it possible to pay a share-bolder dividend of 32 cents per have fellowed by the content of the content share after a lapse of three years.

"Such huge profit gains were largely due to an overseas travel boom among the Japanese spurred

**HOMES:** Rising Mortgage Rates Hurt U.S. Industry

Rising mortgage rates are not the only reason for the downturn in the

housing market. Other factors

Based on data from 179 metropolitan areas, U.S. Housing Markets, a helping to weaken it are the high newsletter published by Lomas & price of homes in certain areas of Nettleton, predicts that the number the country, overbuilding in the of permits issued for single- and multifamily units in 1988 will drop tives to build multifamily dwellings and a lessening demand.

13 percent to 1.33 million, from and a lessening demand.

Domestic revenue climbed 19.6 percent to 207.5 billion yen in the

For All Nippon Airways, interna-tional traffic rose 252 percent and domestic by 104 percent. With a strong domestic base, it has put said.

The airline, which was fully privatized in December, began posting losses after one of its jets crashed in central Japan in August 1985, killing states of the chairman of Cheung Kong (Holdings) Ltd. said Tuesday.

Li Ka-shing said he personally would take an interest of 15 to 20 percent in the Singapore control of the chairman of Cheung Kong (Holdings) Ltd. said Tuesday.

Li Ka-shing said he personally would take an interest of 15 to 20 percent in the Singapore control of the chairman of Cheung Kong (Holdings) Ltd. said Tuesday.

end, a Sony spokesman said. He said that overseas prices had not been set.

HONG KONG - A group of Hong Kong investors plans to bid more than 100 million Singapore dollars (\$49.6 million) for a stake in

tion center project. Sources said total investment in the project would exceed 3 billion Hong Kong dollars (\$383.9 million).

(Continued from first finance page) housing starts would fall about 8.1 cent, to \$130,300. In February the activity will fall by about 25 percent this year, to 1.49 million average price fell 4 percent.

Builders of multifamily duell.

Builders of multifamily duell. Builders of multifamily dwell-ings have been hardest hit, accord- Run Shaw, the chairman of HKings have been hardest hit, according to industry experts. Ten of the TVB Ltd.; Cheng Yu Tung, chair25 largest builders of multifamily man of New World Development homes are in serious financial trouble, said J. Roderick Heller, president of the National Corporation Hsien, Lo Ka Chung, Chow Chung for Housing Partnerships, one of Kni and Niem Chung Lie, all prithe nation's largest managers of multifamily housing units.

As a result of all these factors, and changes in the tax laws have had Housing starts, or units on which the average price of a new home has a devastating effect on the multibuilding has begun, already are de-clining. David Seiders, chief econo-the last month for which figures are family housing market," he said.

mist for the National Association available, the average price of a Builders of single-family homes of Home Builders, predicted that new single-family home fell 5.4 per-have not suffered as much.

### Schneider Alters Télémécanique Bid With 2-Part Offer

que on Tuesday, offering 5,000 lows speculation that Schneider is Compagnie Générale d'Electricité. que on Tuesday, offering 5,000 lows speculation that Schmede is francs (\$862) a share now or 5,500 seeking a face-saving way to with-francs next year. The new bid valorer bid valorer battle.

Under a tentative pact rejected by Compagnie Générale as too costly, Schmeder would have sold costly, Schmeder would have sold costly. nes the industrial automation maker at between 7.85 billion francs and 8.64 billion francs.

engineering company, is still higher increased its bid.

Agence France-Presse

Schneider previously had offered than the 4,500 francs per share of PARIS — Schneider SA revised 5,500 francs a share for 45 percent fered by Franatome SA, a nuclear bid for Télémécanique Electrior

its 24.47 percent stake in Telémé-The bid by Schneider, a French camique to Framatome if its rival



# **GM Hughes Electronics** Corporation

through its wholly-owned subsidiary

# **Hughes Aircraft Company**

has acquired

### **Rediffusion Simulation**

a wholly-owned subsidiary of

### **BET Public Limited Company**

The undersigned acted as financial advisor to Hughes Aircraft Company.

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June 1, 1988





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**ADVERTISEMENT** 

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 31st May 1988

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W MARKEYS

C&W Will Sell a Stake In Hong Kong to China

Reuters

LONDON — Cable & Wireless PLC sections and the subsidiary to China for about £5 miles (\$9.33 million).

Cable & Wireless, a British telecommunications company, said it planned to sell 10 miles, shares in Hong Kong Telecommunications Editors Guangdong Posts and Telecommunications Bureau.

to the Guangdong Posts and Telecommunations Bureau.

Sir Eric Sharpe, the chairman of Cable and Wireless, said it was the first time a province telecommunications authority in China had sequired an equity stake in a similar foreign catterprise. He said it was an example of its "special relationship" between Cable & Wireless and China less and China. A spokesman for the British company satisfact China "expects to play an active part".

Hong Kong's telecommunications" when But aim relinquishes control over the colony in 1997.

Floating-Rate Notes

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# Dollar Firms on U.S. Rate Outlook

Compiled by Our Staff From Despatches NEW YORK - The dollar endhigher Tuesday in New York and Europe, although off its best wels, as the market reacted favorably to the tighter money policy recently adopted by the Federal Reserve.

Frank Watson, the chief corporate trader at Swiss Bank Corp. and there was "good demand" for dollars in light of a rise in shortterm U.S. interest rates and the in the nation's trade deficit for

March\_ "If you believe that's going to ontinue," the dollar becomes at-

The dollar closed in New York at from 5.775 and to 1.4460 Swiss from 1.4348.

It also gained against the British sound, which ended at \$1.8353 rom \$1.8563 Friday. The market gas closed Monday for the Memo-ial Day holiday.

Analysts said the dollar was risig in response to action last week ly the Fed to push up the overnight oderal funds rate. Although the narkets are divided in their expections for further increases, cur-

Although the dollar also ended igher in Europe, dealers there instituted whether the currency's

ems could be sustained. The dollar has moved through restance at 1.725 marks, but the narket is getting very nervous given that there's no real justification moving the currency sharply reper," a dealer at a major British

The U.S. currency closed in Lontion at 1.7285 DM, up from 1.7160 DM at Friday's close. The British ank holiday. The dollar rose to mains vulnerable to short-term

London Dollar Rates 1,726 1,836 125,65 1,446 5,116 Jepanese year Swiss fronc French fronc Source : Reviers

125.05 yen from 124.85, to 5.8195 French francs from 5.7750 and to 1.4435 Swiss francs from 1.4350.

It also climbed against the British pound, which ended at \$1,8385. against \$1.8665 Friday.

"There is strong technical support for the dollar right now and everyone is looking to see if the 1705 Deutsche marks, up from market can push it over the 1.73 Japan's trade surplus improved in in 1710 DM at Friday's close, and at mark resistance level," the British early May was a more tangible factor in the dollar's advance, dealers and to 5.8300 French francs sence of more important funda-said. (Reuters, UP1)

mentals, there's also a great deal of wariness."

ומבוסטוניטן

But underlying nervousness about the dollar's rise was underscored by the Bundesbank's sale of a small amount of dollars at the daily fixing in Frankfurt. The move was seen as a clear sign that the West German central bank did not want the dollar to rise much be-yond 1.7250 DM.

The dollar was fixed in Frankfurt at 1.7267 DM, up from 1.7127

Dealers said that the bank's intervention was its first such move since Jan. 13. While the amount sold, \$7.4 million, was small, it was psychologically important. News from Tokyo earlier in the day that

# Tokyo Forex Brokers See 20% Drop in Fee Income

TOKYO - Fee income for currency brokers in Tokyo is likely to fall 20 percent in the financial year ending in March 1989 if trading remains calm and volume continues to fall, an official of the Tokyo Forex and Money Brokers Association said Tuesday.

Spot dollar-yen trading through Tokyo brokers fell almost 19 percent in the first five months of calendar 1988 from the last five months of 1987, according to association figures. Overall, dollar-yen trading was off 8.5 percent. Fee income for Tokyo's eight brokerages fell 20 percent in April from March, although part of the decline resulted from a cut in

brokerage transaction fees, the official said. In April, Tokyo brokers slashed fees on spot and swap transactions in response to claims by foreign banks that the fees were higher than those levied overseas. The more lucrative spot transaction fees were cut to 3,500 year

(\$28) per \$1 million from 4,500 year per \$1 million in April. Patricia Kuwayama, vice president at Chemical Bank's Tokyo branch, said that the overall decline in dollar-yen activity reflected recent stability in exchange rates.

# OECD: U.S. Must Tread Carefully in Reducing Trade Gap, Agency Says

preciation could be counterproductive," it said. Its studies show that a the exchange rate could re-emerge. side the United States be speeded further 10 percent devaluation, by This could lead to weakness in the up. It said there would have to be a itself, would cut the current account deficit by about \$30 billion. ency traders feel that the Fed's But the inflationary consequences credit policy has been firmer than of a "significant increase in price and wage inflation" would eventually erode the gains,

Instead, the report said that a further 10 percent improvement in U.S. competitiveness could be achieved "through a combination of greater nominal wage modera-tion, higher productivity growth and revaluation of the currencies of certain newly industrializing countries" that account for 20 percent of the U.S. trade deficit

At the same, the report acknowledged that improvement in the trade deficit was needed to calm narket was closed Monday for a financial markets. "The dollar re-

Over the short-term, the secre- tries to offset the recessionary imtariat expects a higher level of con-sumer saving and a stabilized fed-America. eral budget deficit to allow a continued improvement in the international deficit and less pressure on the dollar. That would give policy makers "time to adopt the ied policy actions" to improve the longer-term outlook.

"The task of smoothly unwindtake time but does not appear intractable," it said.

But to assure continued reduc-

Scales in Nel Div. YId. 198s High Low 4 P.M. Chipe

(Continued from first finance page) fluctuations in the trade figures. If be brought into balance by 1993, these were to be less favorable than that U.S. consumer demand be expected, downward pressure on held in check and that growth outbond market and renewed financial sustained 1 percent increase in total domestic demand in foreign coundomestic demand in foreign coun-

> The U.S. budget delicit, by increasing domestic demand, has helped fuel the appetite of U.S. consumers for imports. It budget gap was \$148 billion in the government's last financial year, ended Sept. 30.

The task of smoothly unwinding the existing large domestic and external imbalances is bound to cause "the federal deficit imposes even greater costs than tax increases in the longer run by raising interest rates." That is because the tion in the external imbalance after government, in borrowing to make 1989, the OECD said it was "essen-up its shortfall between revenue tial" that the federal budget deficit and spending, has run up large in-

deficit amounted to 3.6 percent.
GNP measures the nation's output of goods and services.

The report noted that the Federal Reserve Board chairman, Alan Greenspan, has said that a 25 cent increase in the gasoline tax would yield \$25 billion in revenue. This would put the price back to the

12 Month High Low Stock

terest payments that account for a

big share of the budget. "Gross interest payments have doubled as a proportion of outlays since 1980, and interest charges have become the chief proximate source of the deficit." Net interest payments last year amounted to 3.1 percent of U.S. gross national product, whereas the total federal

Curtailing the federal deficit and the increase in debt through higher taxes would also slow the growth in consumer demand - leaving more room for production to be export-

level in the early 1980s.

yield curve" as the differential with

Rise Seen in Short-Term U.S. Rates

New York Times Service
NEW YORK — Short-term U.S. interest rates have reached their highest levels since just before the October stock market collapse and could well move higher this week, according to credit market partici-

By Kenneth N. Gilpin

ers say they might have underesti-

On May 25, the Fed pushed up the overnight federal funds rate, are indicating that there is a cap on the rate it most directly controls on the funds rate at 7.5 percent," said a daily basis. That was in response Anthony L. Karydakis, a money to additional signs that the U.S. market economist at Mitsubishi economy is surging and that infla- Bank Ltd. tionary pressures continue to

The federal funds rate is the rate charged to banks needing overnight loans to meet reserve requirements.

Immediately after the Fed's most recent tightening move, its third in as many months, analysts and traders assumed that the Fed was sticking to the cautious approach it has taken on monetary policy since the start of the year. They believed that the central bank had nudged the funds rate upward by 25 basis points, or hundredths of a percentpercent to 7.375 percent.

But getting a clear reading on where the Fed wants the funds rate to settle often takes several days, and some experts said the central bank might have been more aggres-

"It is clear that the Fed made two earlier tightening moves of about one-quarter of a point each" in the overnight federal funds rate. said Richard M. Kelly, president of Aubrey G. Lanston & Co., a prima-ry dealer in government securities.

This more recent tightening move is likely to have been at least that large, and may be larger still," he said. "It is possible this tightening move may encompass a full one-half percentage point in the funds rate, to 7.5 percent."

He added, "If the funds rate has

been increased by that much, it is on the 30-year bonds were 9.15 quite likely we will see short-term percent. interest rates rise, and will experi-ence some further flattening of the

long-term rates narrows. On Friday, the Fed indicated to traders that 7.5 percent could well scheduled for release on Friday, be the level where it wants the The higher rates would reflect a funds rate to trade. At midday, tightening of credit last week by the with funds trading at slightly above Federal Reserve, which some trad- that level, the central bank entered the market and added reserves to

the banking system. "I think it is quite obvious they

As Mr. Kelly of Aubrey G. Lanion suggested, the yield differentials between short-term notes and Treasury bonds have been narrowing for some time.

At the end of last week, yields on the two-year Treasury notes stood at 8.22 percent, compared with yields on the Treasury's 30-year bond of 9.32 percent,

By contrast, at the start of the of Chicago. The Fed could either month, the yields on two-year notes raise its discount rate, or further stood at 7.80 percent and the yield increase the Fed funds rate.

Aside from adjusting upward to a Fed policy that may be firmer than initially perceived, short-term rates could well move higher still if U.S. employment data for May.

bor market. Economists expect the report to show an increase in payroll employment of between 200,000 and 225,000 workers for May. Wage data as well as hours worked will be scanned closely for signs of contin-

ued strength in the economy A strong report also could force the Fed to tighten again, and another tightening move would almost certainly prompt commercial banks to raise their prime lending rate above 9 percent, to perhaps 9.5

"If the employment numbers imply another strong gain in personal ome and industrial production. I think the Fed will tighten," said Dana Johnson, chief money market economist at First National Bank

# points, or hundredths of a percentage point, to a trading range of 7.25 Bonn Policy Appears Steady

FRANKFURT - The Bundesmoney market and elsewhere that credit policy might be tightened a dels & Frankfurter Bank. notch Wednesday at a central bank

council meeting. But monetary analysis noted that the policy was not etched in stone, and that rapidly changing domestic and international monetary conditions could prompt a

shot up to 4.35 percent Tuesday sible repetition of September, when from 3.10 percent Wednesday. But a modest tightening of credit trigmoney market dealers said that gered a war of words with U.S. month-end funding requirements officials that helped trigger the Oc-were to blame, not credit policy.

Scries in Net 12 Month Phy. Ykd. 100s High Low 4 P.M. Chipe High Low Stock

The repurchase tender at an un-changed 3.25 percent "confirms my bank's offer of new 35-day funds at presumption that the Bundesbank an unchanged 3.25 percent has allayed fears in the West German can," said Hermann Remsperger, chief economist at Berliner Han-

Money market dealers have been speculating for weeks that the inflation-conscious Bundesbank would take advantage of rising U.S. interest rates to rein in money supply growth and cool inflation fears.

tightening in the next few weeks. But analysts said the Bundes-The overnight call money rate bank was still worried about a pos-But analysis said the Bundes-

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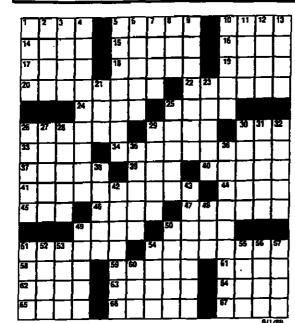
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Madrid 31 Grace or Gene

**ACROSS** 

1 Hawaiian food source 5 Twig 10 Letters

14 King of Norway 15 Threefold 16 Killer whale 17 Absolute 18 Very soft and

liguid 19 Opinion 20 Painful 22 Mailgns 24 Wisecrack 25 Sediment 26 Opera by Strauss

29 Have concern 30 Squeeze out 33 Trojans city 34 Talcs 37 An anagram for raise 39 A.M.Ą.

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50 Andy's sidekick

9 Old Faithful, elc. 11 Sortita 12 Baker's aide 13 Statutes

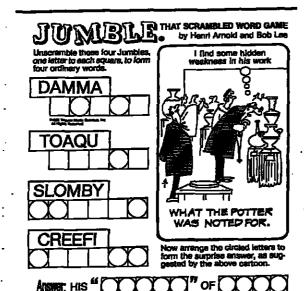
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21 Turkey's name 60 Have being © New York Times, edited by Eugene Maleska.

### **DENNIS THE MENACE**



WHO BURIES THE WORMS HERE IN THE FIRST PLACE?



Jumbles: LARVA AFOOT COOKIE FICKLE Answer: What someone did when there was a burglary at the balory—"TOOK THE CAKE"

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across: Stormy. Temp. 39—24 (86—75). TREYO: Temp.

**PEANUTS** 

**BLONDIE** 

ANDY CAPP

O THE M E !! COST BY STYLES AND INC.

REX MORGAN







DAGNOOD! YOU HAVE TO GET UP! IT'S LATE! HOW LATE





WHAT'S HE POING?



VERY. I'M
THINKING
ABOUT THE
WONDERFUL
BLOKES
IN MY LIFE







HE SAID

HE WAS

GETTING

HIS ACT

APART











**BOOKS** 

Labrador Adventure

By James West Davidson and John Rugge. 385 pages. \$19.95. Viking Inc., 40 West 23d Street, New York, N. Y. 10010. Reviewed by Dennis Drabelle

T RAVELERS find Labrador hardly less feral today than it was in 1903, when it could claim the title of "largest unexplored wilderness remaining in North America, perhaps the world." That summer - and, mind you, summer in Labrador is a fleeting affair— Leonidas Hubbard, junior editor at Outing magazine in New York, set out to make an explorer's name for himself by penetrating the peninsula. The fate of his expedition — and of two follow-up efforts — forms the subject of this engrossing book.

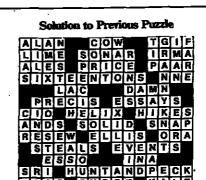
Hubbard swept up his best friend, Dillon Wallace, into his scheme and hired George Elson, a half-Cree guide, to stall the trip.

Everyone agrees that Hubbard made a capi-

tal companion — unflappable, considerate, op-timistic. A woodsman he was not. On the ship taking them to their put-in point, he evinced ignorance of basic canoe hygiene: He failed to turn the craft over when it rained, and water soaked into its ribs and bottom. Early in the trip he spurred them all to overeat and reduce the load they had to carry. "Then the food seemed half gone, so he cut way back." Acting on inadequate reconnaissance, he misdirecte

them grievously. The elements proved to be equally whimsical. Mosquitoes and biting flies tormented them, rain lasting for days on end threw them off schedule, and portage drained them of strength. At first they shot caribou and pulled out fish in dizzying numbers — 115 trout in one day. But as the season waned, game grew scarce. One night they dined on caribou hide and bone broth; Wallace's weight dropped from 170 pounds to 95. Hubbard died like Robert Falcon Scott, the antarctic explorer recording all but his final moments in his

Elson and Wallace not only survived but returned to Labrador. Hubbard's widow, Mina, could not credit the manuscript Wallace wrote to memorialize her husband and his dream. Stong, Wallace decided to complete the trip in 1905, avoiding Hubbard's mistakes. He tried to enlist Elson again, but the guide was



GREAT HEART: The History of a evasive. He had already agreed to take Mina Hubbard to her husband's destination and had been sworn to secreey.

All of the foregoing -harrowing and artfully told --- is but prologue to the second, longer part of "Great Heart"; the account of rival expeditions, each leader intent on settling a score, one of them a woman in a long skirt. The historian James West Davidson and the physician John Rugge have collaborated before, on "The Complete Wilderness Paddler." But "Great Heart" has demanded much more of their combined talents. They canoed the various routes themselves, unearthed missing diaries and wrote a tale that combines scrupulous adherence to the evidence with a cross-cutting narration Hitchcock would have admired. ...

Dennis Drabelle, a Washington lawyer and writer, wrote this for The Washington Post.

### BEST SELLERS

The New York Tunes
This list is based on reports from more than 2,000 bookstore broughout the United States. Weeks on list are not necessarily

ZOYA, by Danielle Steel
THE ICARUS AGENDA, by Robert Lud-LOVE IN THE TIME OF CHOLERA, by Gabriel Garcia Márquez ...... ROCK STAR, by Jackie Collins THE BONFIRE OF THE VANITIES, by THE BONFIRE OF THE VANITIES. by Tom Wolfe
PEOPLE LIKE US, by Dominick Dunne
TREASURE, by Clive Cossler
FREAKY DEAKY, by Elmore Leonard
TAPESTRY, by Belva Plain
INHERITANCE, by Judith Michael
THE SHELL SEEKERS, by Rossmunde
Pilcher

Picher
THE MYSTERIES OF PITTSBURGH.
by Michael Chabon
SCORPIUS, by John Gardner
THE LAST PRINCESS, by Cynthia Free-

15 PRELUDE TO FOUNDATION, by Isaac

NONFICTION FOR THE RECORD, by Donald T. Regan A BRIEF HISTORY OF TIME, by Ste-

A BRIEF HISTORY OF THE PROPERTY OF THE PROPERT POWERS, by Paul Kennedy SPEAKING OUT, by Larry Speakes with

1 ′.

12

7 139

Robert Park LOVE, MEDICINE & MIRACLES, by Bernie S. Siegel
THRIVING ON CHAOS, by Tom Peters
THE POWER GAME, by Hedrick Smith
BATTLE CRY OF FREEDOM, by James
M. McPherson 13 CTTIZEN COHN, by Nicholas von Holf-

14 WINFIELD, by Dave Winfield with Tom 15 THE TRIAL OF SOCRATES by I.F. ADVICE, HOW-TO AND MISCELLANEOUS THE 8-WEEK CHOLESTEROL CURE.
by Robert E Kowalski
SWIM WITH THE SHARKS WITHOUT
BEING EATEN ALIVE by Harvey

Mackey WERSTER'S NEW COLLEGIATE DIC-CONTROLLING CHOLESTEROL, by Kempeth H. Cooper BEING A WOMAN, by Toni Grant

### BRIDGE

By Alan Truscott

difficult for eight women who considerable restraint in bid- East. are leading players from the ding by selecting three clubs New York metropolitan region, including six who have won world titles. They are all opening. Even three clubs is committed to take part in the playoffs to select the 1988 United States Women's Team starting in Memphis this week. This not only excludes them from the prestigious Reisinger Knockout Teams, but also shuts them out of the Epson World Pair Contest. The annual Epson event, which has proved very popular since it began two years ago, is to be played the evening of June 3 around the world. In the 1987

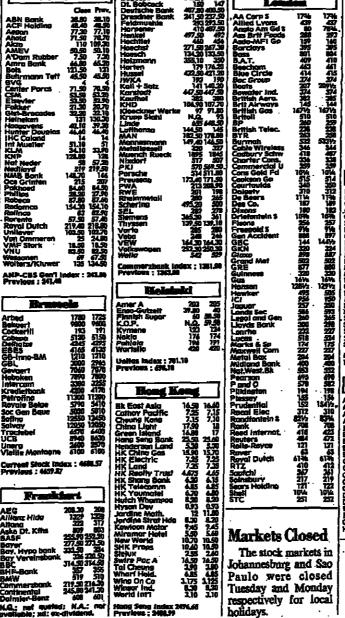
Epson, the diagramed deal

not easy, for South is in danger of losing two diamonds, two spades and a club. The open-ing heart lead was won in dummy and trumps were drawn. A diamond was led from dummy and East won with the jack and shifted to 2 spade. South played the nine, losing to the jack. West returned a diamond, allowing East to take the ace and play a second spade. This time South won, crossed to dummy with a

trump and ruffed a diamond

won an award for the best- He then led the spade queen to played deal. Sitting South was end-play West and make three chemical work will make life old from Warsaw. He showed have played hearts to end-play from the special could be c





Markets Closed

The stock markets in

channesburg and \$20 Paulo were closed

Tuesday and Monday

respectively for local

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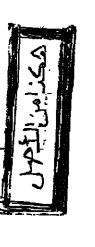
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To Our Readers

Due to technical problems, Montreal stock prices were not available Monday. We regret the

INTERNATIONAL MANAGER BY SHERRY BUCHANAN. ESSENTIAL READING FOR EXECUTIVES WORKING IN THE

INTERNATIONAL MARKETPLACE



# husband, desimate Martin Blows Up Production to the state the design that design the design that design the design t

-Campiled by Our Staff From Dispatches
- OAKLAND, California — Hot-Cakland Cobsessed at the night at use Cakland Cobsessed at the Oakhours and 14 imings as the Canin, Heshings, and Land America on Dave Henderyou's homer finally overcame the
Vork Yankees, 3-2.

But long before Henderson's biast off Steve Shields made a winner out of Dennis Eckersley, Yan-

### BASEBALL ROUNDUP

the best first figure of the last of the l

kee manager Billy Martin was gected from Monday's game. Be-ifpre leaving the field, Martin threw Tore leaving the Dale Scott.

Mertin had questioned

Martin had questioned Scott's map ruling on a line drive by Oakland's Walt Wests in the third in-

a better balkdub," said Dave Henderson, "then I think we were a better balkdub tonight."

Each balloen allowed only one

hit over the last five innings, but the A's made their hit count.

The bullpen is one of our pluses, said the A's manager, Tony La Russa. "We have five guys that any manager in the league would want to go to."

A report ou Martin's flare-up

A report ou Martin's flare-up will be filed by the umpires and a decision on a suspension will be made by American League President Bobby Brown.

In 1981 when he was managing Oakland, Martin was suspended to three days after throwing dirt on umpire Terry Cooney's shoes during a game at Toronto.

Dave Winfield's leadoff homer

Worker and it in the fifth gave the Yankees a 1-0 WAR ATTY IN I lead, and tied him with Oakland's Iose Canseco and Minnesota's batter after a 34-minute rain delay batter after a 34-minute rain delay in the third, batted in a run with a The A's use it is in the Roll of Roll Hassey's two-out RBI single, the state of the relation of the Yankees went up 2-1 in the Henderson's bases-

h he seventh on Henderson's basesthe state of the s starter Bob Welch, who pitched four A's relievers.

run off reliever Dave Righetti. Canseco singled and scored when Dave his eighth save. Parker's single glanced off left Leary had shut out Montreal and fielder Henderson's glove for an Philadelphia in his two previous it. then led the spatement.

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to, Ted Higners yielded six hits striking out seven in seven innings and B.J. Surhoff went 4 for 5 and drove in the go-ahead run to give Milwankee the win over Toronto.

Hignera, 4-3, walked one in winning his first decision since May 3. Chuck Crim pitched one hitless inning. Dan Plesac hurled the ninth for his 11th save. Toronto starter Jm Clancy, 2-6, lasted 6 1-3 innings.

Red Sox 5, Angels 2: In Ana-heim, California, Dwight Evans hit a two-run homer and a sacrifice fly and Roger Clemens pitched a six-hitter, helping Boston snap a three-game losing streak with a victory over California.
In completing his seventh game in 12 starts, Clemens, 8-2, walked

one and struck out nine to increase his major-league strikeout lead to 116 in 104 innings. The righthander leads the American League with a 1.82 carned run average.

Mariners 4, Orioles 1: In Seattle, Mark Langston scattered five hits

over eight innings to lead Seattle to victory over Baltimore. Langston walked three and struck out eight. Mike Moore, moved to the builpen with a 2-6 record, got one out in his first relief

appearance since 1986. Baltimore starter Jay Tibbs re-tired the first 12 batters he faced before yielding a leadoff single to Ken Phelps in the fifth. Mickey Brantley extended his hitting streak to 13 games with a single that moved Phelps to second.

Mets 3, Dodgers 2: In the Na-tional League, in New York, Rom Darling allowed six hits in 8% in-nings to lead the New York Mets

over Los Angeles after the game had been held up by rain.

The Mets, who swept a three-game series in Los Angeles last weekend, ended Dodger pitcher Tim Leary's shutout streak at 21 innings. Dave Magadan, the first batter after a 34-minute rain delay The A's tied it 1-1 in the sixth on single and then scored on Darryl Strawberry's double.

Darling struck out nine and walked two. He has made 11 starts

. After John Shelby hit his second homer of the year with two outs in The A's sent the game into extra the ninth, Randy Myers relieved ngs by scoring an eighth-inning and got pinch-hitter Mickey Hatcher to fly out, earning Myers



Yankee manager Billy Martin remonstrating before his ejection.

Pedro Guerrero, making his first appearance at Shea Stadium since a season in the eighth inning off resuspension for throwing his bat at liever Scott Terry, 2-3. Deshaies Mets pitcher David Cone, con- won his third straight. Dave Smith stantly was booed by the crowd

Expos 3, Giants 2: In Montreal, Tim Raines hit a two-run, two-out single off Atlee Hammaker in the phia, Juan Samuel had three hits ever played before in these condiminth to send San Francisco to its ninth to send San Francisco to its fourth straight loss.

Audres Galarraga opened the ninth with a single off Scott Garrelts, 1-3. Nelson Santovenia donThompson led off the sixth with a
bled an out later and pinch-hitter walk and Steve Jeltz beat out an bled an out later and pinch-hitter Graig Nettles was intentionally walked. Hammaker relieved and struck out pinch-hitter Wallace fice and Samuel tied the score with Johnson before Raines singled.

Astros 5; Cardinals 4: In Houston, Glenn Davis of the Astros broke a tie with an eighth-inning homer and Jim Deshaies allowed five hits in eight innings.

pitched a perfect ninth for his 10th

sixth inning to beat San Diego.

infield single. Shane Rawley, 4-5, moved the runners up with a sacria double off Ed Whitson, 3-5.

Von Hayes then doubled to score time Lendl won-7-3 with two line Samuel and give Philadelphia a 4-3 calls in dispute that favored Lendl. lead. Hayes stole third and scored Sabatimi defeated Kelesi in the on Lance Parrish's sacrifice fly off continuation of a match that was reliever Greg Booker. (UPI, AP) halted Monday in the rain. Tues-

Davis hit his 11th homer of the

Phillies rallied for four runs in the was called off.

With the Padres leading 3-1, Milt

An hour and a half later the rain

which McEnroe dominated, 7-3. The second set seesawed with two service breaks by both players that

# Night Halts Play After Lendl And McEnroe Split Tie Breaks

# Sabatini to Face Graf in Semi And Chesnokov Topples Cash

By Robin Herman New York Times Service

brellas with darkness closing in to whistles of the crowd. watch Ivan Lendl and John McEnmuch-anticipated encounter.

leading 4-2. McEnroe complained shortly before the match was suspended that the players needed ten-

nis balls that "glow in the dark."
With intermittent showers, only four matches - three women's and terfinal victory by fourth-seeded Gabriela Sabatini of Argentina over Helen Kelesi of Canada that turned on a linesman's reversal.

Sabatini who beat Kelesi 4-6, 6-1, 6-3 will play top-seeded Steffi Graf in the semifinals.

In the one men's match that was shot in question, according to finished, Andrei Chesnokov of the Georgina Clark, the Women's In-Soviet Union upset No. 4 seed Pat Cash of Australia in their fourth-pervisor at Roland Garros. round match 2-6, 6-2, 6-4, 6-3.

After a strong start, Cash began to make errors, as the patient Chesnokov kept returning shots from the baseline. The Russian will play in the quarterfinals against No. 11 Henri Leconte of France.

In the other women's matches, Nicole Provis of Australia defeated Arantxa Sanchez of Spain in three sets and will face the Soviet Union's Natalia Zvereva in the semifinal. Zvereva beat sixth-seeded Helena Sukova of Czechoslovakia in straight sets, 6-2, 6-3.

McEnroe and Lendl began their match in the late afternoon, playing two games in drenching rain on the slick clay court, but then ing ground strokes, needed five McEnroe strode to the chair ummatch points before she could pire and declared: "I'm not going to play on a court like this. I don't

ended and the match resumed. McEnroe was serving and moving terrifically and took top-ranked Lendl to'a tie breaker in the first set,

brought another tie breaker. This

ed by a line call that Sabatini pres-PARIS - Rain continued to dis- sured the officials into changing. rupt the French Open on Tuesday, Ordinarily popular, the Argentin-but spectators huddled under um-

In the final game, a point anroe split the first two sets of their nonnced at first as Kelesi's advantage was instead awarded to Saba-Play was haited in the third set imi after the Argentine circled a because of darkness with Lendi mark in the clay outside the baseleading 4-2. McEnroe complained into and insisted that a linesman inspect it. He then decided the Kelesi shot had been out.

Although play had continued for two shots after the disputed shot, the chair umpire still gave Sabatini the one men's -were completed Tues- ad, a match point. As rain began to day including a controversial quar- fall again, the Argentine put away the game — her opponent playing with angry tears in her eyes.

Kelesi later asserted she was "cheated" out of the disputed point and indeed the rules of the game do not allow an umpire to reverse a pervisor at Roland Garros.

The decisive game and controversy came as Kelesi was playing very strongly, driving Sabatini to the back court and winning several points with a blistering forehand to Sabatini's backhand corner. After a long rally at deuce Kelesi put away the point with a winning shot to the back corner. The chair umpire called the score, "Advantage Kelesi." Sabatini then claimed that the ball before the winner was out. The only full singles match

played was the victory by Provis over Sanchez, 7-5, 3-6, 6-4. Between the first and second sets there was an hour and a half rain delay. Provis, a tall girl with boomshake Sanchez, and that winner came on a netcord.

Provis will play Zvereva, who earlier in the tournament upset Martina Navratilova of the United States. Graf will finally meet a player of her caliber in Sabatini who has been her doubles partner for two and a half years. Graf has lost only Il games in five rounds of this

French Open. Although she had beaten Sabatini in 11 consecutive meetings, Graf lost their last two matches this year. Sabatini said this was because my physical condition has im-

proved very much and I've imlearned to play each point, just



Helen Kelesi of Canada near tears after losing a disputed call Tuesday in her match against Gabriela Sabatini of Argentina.

# **British Soccer Officials Protest Players' Arrest**

LONDON — Britain's senior sports official, Colin Moynihan, flew to Athens Tuesday for a meeting of European sports ministers as British soccer authorities were faced with more outbreaks of soccer hooliganism — allegedly by

As Moynihan left for Greece, officials of an English Third Division team claimed the arrests of 17 of its players in Mannheim, West Germany was a case of mistaken identity.

Denis Dunford, chairman of the Bristol Rovers, said his youth team had been wrongly accused of dam-

aging traffic signs, uprooting flowers and ripping down advertising boards outside a discotheque on Sunday night.

West German police detained the team overnight and ordered them flown back to Britain Monday. "I have spoken to the team man-

ager, and it was all a case of mistaken identity." Dunford said Tuesday. He added: "It is doubtful if we will ever entertain going to Germany again after this. It seems to me they are just harassing English people connected with football.

As the arrests made headlinesthroughout Britain, Bristol Rovers secretary Bob Twyford assailed the treatment of the players by the

West German police. The general feeling is that they were badly treated," he said. "They were detained for seven hours and put in cells and no information was given by the police. They produced no proof that the lads had been

involved in vandalism." Twyford said the players "deny categorically" that they were in-

volved in any violence. According to the domestic British news agency. Press Association. West German police said they had witnesses to the incident and were insisting that the team members, aged 17 and 18, together with two German friends, were responsible

for the wrecking spree. Before leaving for Athens, Moynihan expressed his concern about

the Mannheim trouble. A spokesman for the British sports minister said the European soccer body, UEFA, "will no doubt be hearing about this latest inci-dent. And it certainly will not help those English clubs wishing to compete in Europe again."

English clubs have been barred from European competition since the 1985 Heysel Stadium tragedy in Brussels at which 39 spectators died after a stampede by Liverpool supporters.

# Given the Touch of the Latins, Europeans Are a Bore

LONDON - The cultural divide between Latin and European soccer is still, thank goodness, as wide as the ocean. At Wembley a week ago Colombians displayed the rhythmic passing and seemingly nonchalant ball control by which Central and South Americans stretch the imagination.

In Stuttgart 24 hours later PSV Eindhoven and Benfica put on a sterile European Cup Final. The Portuguese had four Brazilians on their team, but those Latin players are cowed by an alien cautiousness.

If PSV and Benfica did not actually breathe chloroform, their lack of adventure dulled the millions who watched. The Dutch took Europe's top prize without winning one of their last five games, without losing, without daring. With cold, crude calculation, Eindhoven simply waited for Beafica to miss in the penalty shoot-out.

Sport? Not as I know it. Colombia is another matter. Its deceptively lazy style is personified in two exotic characters — playmaker Carlos Valderrama and goalie Rene Higuita.

Valderrama's reputation preceded the Colombian tour. As South America's player of the year, ahead of Diego Maradona, he will inevitably migrate to Europe. Montpellier of France has bid over \$4 million for him.

The 26-year-old Valderrama likes to be the architect of all around him. He is the apex of Colombia's triangular passing. One, two, three, the ball is rolled here and there, bewitching, teasing, pulling opponents out of joint. Inside of foot, ontside, backheel the passes come and go.

### ROB HUGHES

Everything resembles Brazil, even to the yellow shirts, except the explosion of a Brazilian finish. Neither Valderrama nor any colleague seem to care overmuch about scoring; perhaps they are too mesmerized by their own command

of the ball to want to part with it.

Not that Colombians are all sweetness. Jetlagged and shivering in the Glasgow night air, Leonel Alvarez unmercifully hacked away at Scotland's Mo Johnston. You cannot blame Valderrama for that, but the super-

star's own venom so willfully wounded Roy Aitken that Valderrama was lucky to get a yellow instead of a red card. Yet despite those incidents, we should thrill to Colombia's touch and laugh aloud at antics of a funny, but gifted

Not Valderrama; he's strange but not comical. Not his midfield accomplice Bernardo Redin whose technique is famitless.

The fun guy is Hignita, a goalie obviously in love with his job, a showman beneath his floppy black dreadlocks. His torso also flips and flops like the Michelin rubber man. He moves like lightning, as at Wembley when a curling John Barnes free-kick was plucked by the flying Higuita. It was not a fluke. Higuita partied a shot from Steve

McMahon with similar late agility.

Being a human springboard barely sustains him. Half a dozen times Higuita sprinted 30 or 40 yards (meters) to head the ball, dribble or flick it.

"He does that," said a television commentator, "because he was once an outfielder." Nonsense. He does it to catch the

eye, to cheekily beat outfielders at their game. He laughs while he's doing it. But this is no fool's clown: Colombia drew 0-0 in Scotland, won 3-1 against Finland in Helsinki, and drew 1-1 at Wembley. England's goal was close to genius. Gary Lineker, who never pretends to be anything but a goal thief, netted his 25th goal in 27 full internationals out of thin air.

Though comparatively, Lineker rose while the Colombian defense hesitated. From 12 yards he swiveled in midair to direct a glancing header in off the far post. And while England led from the 23d minute to the 62d, the team's former manager Ron Greenwood commented:

"The Colombians are making us chase the ball. Its a delight to watch, but over-intricate. If they could finish, they'd be a wastating side, but we've got the finisher haven't we?" Dangerous presumption. When Colombia's rhythm reached its crescendo and, from a high, swinging corner kick Andres Escobar flicked his head at the ball, and looped it

over Peter Shilton into the net off the crossbar. Touché! Escobar had been one defender standing admiring the header by Lineker, and the Colombian coach did say this was a learning trip for his young team.

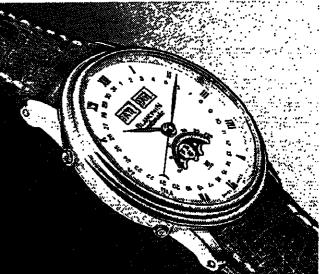
Europeans learned a little, too, and learning Colombian style is fun. The pity will be if Valderrama & Co. come to where the big money is, become contaminated by the safety

first neurosis of the European game (I should say business), and lose their joyous abandon.

Rob Hughes a on the staff of the Sanday Times

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Cleveland, Franco (4).

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Major League Standings AMERICAN LEAGUE

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derson (11), Respective (11), Moore (12), Moore (13), California, Downing (8), Dovis (6), New York, Wintfield (13), Shields (13), Angle (13), California, Downing (8), Dovis (6), New York, Wintfield (13), Shields (13), Shields (13), Angle (13), California, Downing (13), Dovis (6), New York, Wintfield (13), Shields (13), (11) und akünner) Welch, Honeyoyii (10),
Plunk (11), Codoret (12), Eckersley (13) and
Mercodo, W.—Eckersley, 1-1, L.—Shieda, 0-2,
HR3.—Hew York, Winfield (12), Ookland, Henderson (4).

NATIONAL LEAGUE

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LoCoss, Lefferts (7), Garrells (8), Hammokar (9) and Mervin: Martinez, Burke (7),
Hesketh (8). McGofffson and Santovenia, W—

McGofffson, 3-8. L—Garrells, 1-3.

TENNIS French Open Results MEN'S SINGLES MEN'S SINGLES
FOOTH ROAD
Andrel Chesnokov (14), Soviet Union, def.
Pot Cosh (4), Austrolio, 24, 62, 64, 63,
Ivon Lendi (11), Cocknoslovakia, leosa John
McEnroe (14), U.S., 67 (3-7), 74, (7-3), 42,

MEN'S DOUBLES U.S. (1), 64 67 (1-7), 63

WOMEN'S SINGLES

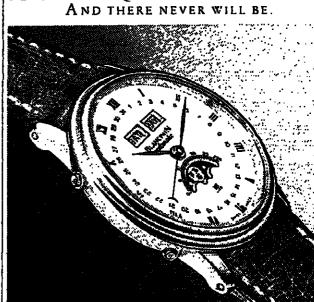
Quarterfinais Gabriela Sabatini (4), Argentina, def. Held Kelesi. Canada. 44. 6-1, 6-3, conclugion of su chez. Spain, 7-5, 3-4, 6-4.

PGA Leaders

GOLF

Sondy Lyle
 Chip Beck
 Leanw Wookins
 Ben Cremshow
 Mark McCumbe
 Jeev Sindeler
 Toovid Frost
 Grey Norman
 Curtis Strampe
 Loris Strampe
 Loris Strampe

Dovid Frost, 69.33. 4. Sandy Lyle, 69.41. 5. Ben Cresshow, 69.62. 6. Lanny Wodkins, 69.65. 7. Mort, McCumber, 69.69. 8. Paul Azinger, 69.61. 9. Payne Stewart, 69.82. 16. Gil Mergan, 69.83.



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### **OBSERVER**

# Soft on Communism

By Russell Baker NEW YORK - Nixon in China, Reagan in Moscow. Why is it that to improve relations with servative Red-bailers in the White on which the old Red-bailing divi-Communists we have to have cou-

Well, for one thing, because having them in the White House gets them off the street, so to speak. President Nixon could never have got away with the China thing while that pireless and venomons Red-hunter. Richard Nixon, was roaming the landscape ready to savage anyone who favored a sane policy on China.

By getting himself into the White House, Nixon eliminated the most dangerous opponent a president would have to confront in shaping a sensible policy toward China: namely, Richard Nixon.

For 20 years Non-President Nixon's campaigns against softies gave Democrats their worst nightmares. Only by getting him out of the opposition could a president start dealing with China as a real place.

Same for President Reagan. Nobody else could have got away with his recent attempts to reach accom-modation with the Russians, not so long as Ronald Reagan, the Republicans' bine-ribbon Red-blaster, was on the loose.

Remember the 1976 Republican Convention, whose heart belonged to Reagan, though it grudgingly nominated President Ford? "Détente" with the Soviet Union was

its greatest nightmare.
This hated "détente" was another foreign-policy innovation of the reformed Red-hunter Nixon. Out of respect perhaps for the great hunts of Nixon's youth, the convention chose to blame "détente" on Henry Kissinger, whose old Rockefeller connections made him a delightful target for abuse by right-wingers.

Reagan has eliminated the dangerous opposition of that old charismatic anti-Communist Ronald 40-year lock on superpatriotic, Reagan by getting him off the anti-Communist blather, history street and into the White House. This week in Moscow, at the very heart of the Evil Empire, he will be advancing his already well-established policy of - let the vile word — "détente."

With no Ronald Reagan to rally the troops of Right-Wingedness against the president, they have

had to fall back on Senator Jesse Helms of North Carolina. That is like sending Peck's Bad Boy to fill the shoes of Savonarola. It is a measure of how hard are the times sion of the Republican Party has

Republicans of more subtle mind have another explanation for why their anti-Communist tough gnys get agreements out of the Reds. The ferocity of their anticommunism, goes the argument, had better come along peaceably and negotiate like sensible world citizens, because there is no hope they can gull, charm or bamboozle these Republican tough guys into falling into their devilish Red traps.

In other words, tough guys understand each other, so can do mutually useful business despite philosophical disagreements. This line proceeds to justify Reagan's huge Pentagon budget as persuasive evidence for the Russians that they were not going to beat us in the arms race and, hence, had better negotiate to stop it.

Whatever the reason, the Communist giants seem to prefer doing business with Republicans rather than Democrats. The irony here is that the Republicans have for decades kept the Democrats in terror of being called "soft on commu-nism," despite a long history in which the Republicans have tended toward accommodation and Democrats toward confrontation.

It was the Democrats, after all, who under Truman, Acheson, Harriman and company created the strategy for waging the Cold War, and it was this strategy that took us into the Korean War and later into Vietnam. The Republicans, by contrast, under Eisenhower and Dulles backed off their tough line about "liberating" Eastern Enrope when the Red Army moved in to put down revolts in Warsaw and Buda-

Despite the Republican Party's suggests that Communists prefer doing business with the GOP, perhaps because they seem to get little but war or the threat of war when Democrats govern. Is it the Republicans who are soft on communism? Or are the Communists soft on Re

New York Times Service

# Natan Sharansky: The Snares of Freedom

By Glenn Frankel

Washington Post Service
ERUSALEM — Freedom has its own set of chains and extracts its own price. So it is with Natan Sharansky, who has found that in some ways he was a freer, simpler man in the purifying silence of a Soviet isolation cell than he is in the loud, turbulent, entangling world of the West.

"In the punishment cell I was inwardly a free man," writes the former Soviet prisoner of conscience in his autobiography. "Every day brought only one choice: good or evil, white or black, saying yes or no to the KGB. . . . And now, lost in thousands of mundane choices, I suddenly realize that there's no time to reflect on the bigger questions. How to enjoy the vivid colors of freedom without losing the existential depth I felt in prison?"

It has been more than two years since that frozen February morning when Sharansky, as part of an East-West prisoner exchange, lit-erally leaped across the Berlin border after nine years behind bars. It has been a dizzying swirl of dreams come true — he has been reunited with his wife and his family, fathered his first child and established a life in Israel, the Jewish homeland that he dreamed of living in during two decades of stubborn struggle against the power of the Soviet empire.

And now another struggle has ended. "Fear No Evil," Sharhigh-six-figure advance, is about to be published. Yet despite all this apparent

rewards, snares and complications of Western-style freedom persists. The compromises, the lack of privacy, the constant demands on his time, the intense infighting that hampers the cause of Soviet Jewry, the sometimes fratricidal politics of Israel - all have contributed to the education of this reluctant hero. So have the lingering questions over the ambivalent attitude of this champion of human rights toward the Palestinians of his troubled new home-

The book too has been a lesson in the uneasy relationship be-



Natan Sharansky with his 18-month-old daughter, Rachel.

They make the book easier to read and more accessible to a larger audience, and Sharansky progood fortune, Sharansky's strug-nounces himself satisfied with the result. But at the same time, he fears important names and infor-

mation may have been lost. All in all, he says, sitting on the fortable Jerusalem apartment on a recent evening as his 18-monthold daughter bounces on his lap and the sky turns dusky blue, he loves the sounds and smells and colors of his freedom. "It is as passionate as life, as interesting as life, and it's life itself, full of love, full of hatred, full of problems which have to be faced."

But it is also distracting. He fears he is losing the clear focus and the commitment that burned tween commerce and idealism. inside of him when he sat shiver-There were cuts and compromises ing on a hard wooden bench in

INTERNATIONAL

ended. "Fear No Evil," Shar-that reduced the finished manu-the frozen darkness of the gulagansky's much-awaited book, script to slightly more than half - And he fears losing his spiritual which reportedly brought him a its original 1,000-page length. ers he left behind. In some ways, he concludes with a hint of remorse, freedom "makes my life much more shallow." He is a small man, no more

than 5 feet 4 in his socks, prema-turely bald at 40 and slightly pudgy. His health is still fragile, reflecting the ordeal of starvation diets that reduced his weight at one point to 77 pounds. He still suffers from myocardial dysfunction, a weakening of the heart muscles, and recently was gripped again by the biting chest pains and sharp headaches that marked his long days in the punishment

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What remains intact is his sharp sense of self-deprecating humor. In the book he recalls when, in the company of the U.S. the motives and intentions of the ambassador to West Germany, Soviet leader, Mikhail Gorba-Richard Burt, he crossed into chev. To Sharansky, Gorbachev

West Berlin with a slight leap that broke the string holding up his parts I after that same day, entermistakes him for a champion of pants. Later that same day, entering the room in Frankfurt where after 12 years of forced separation his wife Avital awaited him, his first words to her were "Sorry I'm

For a decade Avital Sharansky doggedly paraded through American cities and the capitals of Enrope, seeking audiences with presidents, prime ministers and anyone else who could help spring her husband from his prison cell. It was a painful ordeal for an essentially shy person who had fallen in love with Sharansky in part because he had the eloque and self-assurance she herself felt

After Sharansky's release, Avital vanished from public view. These days she is wife and mother, guardian of the house and of vhatever privacy she can pre-

The book begins on that late afternoon in March 1977 when KGB agents, as part of their attempt to crush the Soviet Jewish dissident movement seized Sharansky, outside an apartment on Gorky Street in downtown Moscow. It recounts his nine-year odyssey through the Soviet legal system, the 16 months of intermeation and isolation, the secret. trial on trumped-up charges of treason and spying for the CIA, the conviction, the shuttling from Lefortovo Prison to Vladimir, Chistopol and Perm Camp 35 and back again. It also recounts the more than 400 days he spent in isolation cells and the more than 200 days on hunger strikes.

Each step of the way Sharansky fought his KGB captors with a mental, spiritual and physical ferocity that at times seemed almost suicidal. He says he knew from the start that had he ever given in, decided to cooperate on even the smallest matter, he would have been lost forever. He worked from one principle: "Nothing they do can humiliate me. I alone can humiliate myself.

Sharansky says the book, which has already been translated into nine languages, is designed pri-marily to help Westerners understand the essential nature of the empire they face as they size up

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human rights and embraces him too warmly, it will get nothing. But if it sees Gorbachev for what he is, a loyal Communist but a hard-eyed realist who understands just how serious and deep his country's problems are, it can extract many concessions while helping the Soviet Union move slowly in a positive direction.

in the Soviet Union, Natan Sharansky was a unifying figure who bridged the gap between Jewish dissidents and other human rights activists. His Jewish identity and his Zionism were his anchor, but his message and struggle were universal ones. In Israel, it is not so simple.

While his credentials as a spokesman for Soviet Jewry are unassailable, he does not cross over into the mainstream of human rights issues with the same ease. Part of it is by choice: Sharansky says he has concentrated on Soviet Jewry in order not to have his enormous influence sapped by too many

But there is another important reason. For Sharansky to become a human rights leader beyond his own important but narrow cause, critics contend, he must first deal with the human rights question in Israel's own closet — the Palestin-

It is an issue he generally has sought to sidestep, but one that inevitably has trapped him. When Palestinians discuss their grievances, they inevitably invoke his name and his story, drawing painful parallels between the treatment he received in Russia and the way Palestinian activists are treated on the occupied West

Sharansky himself senses the trap. "It is very difficult for me to speak out about this problem," he says. "The moment I open my month, everyone expects me to draw parallels between the Soviet Union and Israel, and this is something which I have to immediately reject."
Friends tell Sharansky he

should try to forget the nightmare of prison, eradicate it from his memory like a bad dream. This he insists he can never do. "To lose it would be a terrible pity," he says. The idea is to remember about it.

al star at London's Royal Open Monday she returned in triumph the same stage in the same con er's "Anna Bolena." After rece ing a standing ovation and a nouncing that she was "clated" 61-year-old coloratura sopa swept out of the stage door and in her car in Covent Garden Edia

nearly an hour, signing programmerly an hour, signing programmerly thrust through the window by the "I think she's very pleased will herself over this performance," and has looked after the Australia singer and her husband Richards and the Contral conductor. Booyage, the open's conductor "I've idolized Dame Joan sing first started to sing," said Jan Aler, the American tenor who and the role of Lord Richard Pen

Paul Newman got an honor doctorate of humane letters im Yale University and offered son advice to graduates about the portance of uncertainty. "Just to keep yourself off balance. Not know what you're doing the id day and you'll be all right," No man said after Yale's 287th of mencement. "In the midst of a d manding career you dedicate large portion of your great gifts the service of others." Yale's predent. Benno C. Schmidt Jr. to Newman, who attended Yale

A STATE OF

PEOPLE

Joan Sutherland Score Another Triumph at 61

It was 29 years ago that le Sutherland became an internation

singing the title role of Donizen

"Lucia di Lammermoor,"

The actress Brigitte Nielsen suffered a miscarriage while file ing a movie in Rome, according a spokesman for her tianoc, New York Jets' defensive linens Mark Gastineau. Nielson, 25, w is divorced from her second band, Sylvester Stallone, was pitalized and Gastineau flew to ly, the New York Daily N reported. The couple announced their engagement last Febru and said earlier this month they were expecting a baby in

School of Drama in 1951

Simone Veil, former preside the European Parliament and Ro. mer French health minister, Daniel J. Socolow, outgoing pra-dent of the American College. Paris, will receive honorary de in Humane Letters from the col

fall. A divorce between Gastin

and his wife, Lisa, is pending,

### PERSONAL MESSAGES

To the memory of ROSE ANN LISKA with symposity and love to her parents in Pennsylvania From her family in France. MAY THE SACRED HEART OF JESUS he adored, glorified, loved and preserved throughout the world, now & forever. Socred heart of Jesus, pray for us, Soint Juda, worker of mirocles, pray for is. Soint Juda, help of the hopeless, pray for us. Say this prayer nine times a day, by the mith day your prayer will be answered, it has

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